

Advice to an adviser

BY ANTHONY HARRIS

YOU might think that the post of a step up the academic ladder; Chief Economic Adviser to Her but it is not so. Many economists' highest prize which could be won to Whitehall, but hardly by practitioners of the dreary any have enhanced them; there; science; but anyone who has been doing any gossiping this summer must be aware that economists do not seem to see it in that light. As a matter of record, Sir Kenneth Berrill dived eagerly into the Think Tank where he can do intellectually a remarkable short tenure. Sir Bryan Hopkin was then recalled upon to come back from Cardiff for a further temporary stint while a successor was found. Rumours of the search have been audible for some time; the only outcome is that Sir Bryan has been promoted to stay on—at least for a further year.

No news

Meanwhile, Lord Kaldor has returned to Cambridge; and Sir Bryan's second in command, Mr. Michael Posner, is said to be eager to follow him there. Mr. Hans Lissner, who produced those puzzling medium-term projections which appear at the front of the public spending White Paper, has gone to the Departments of Industry and Trade. Yet one hears, no news of any new appointments.

Is the job perhaps underpaid? It is possible, for I gather that one possible candidate explained that he could not possibly afford to give up the tax privileges which go with working for an international organisation, while another was doing better financially in a rival branch of the British public sector. However, pay clearly isn't everything. The Universities seem able to turn on to the services of people like Professor Fred Hirsch, who came to quite a modest post at Oxford (before he got his chair at Warwick) from the untaxed affluence of the International Monetary Fund, or the string of academic researchers—the most recent, Mr. John Flemming, who would certainly figure on any short list I would submit if the Government were in sufficient despair to ask my advice—who have all happily returned to academic life. It is life in Whitehall itself which seems to repel economists, and not only in the Treasury: Professor Maurice Preston, Professor Christopher Foster and Mr. Wynne Godley head a long list of ex-advisers now thriving in university life again.

This distinguished list might suggest that Whitehall is perhaps

Un-British

The idea that advisers closer to the political action should be allowed to publish anything at all, let alone to publish the advice which has subsequently been ignored by Ministers or by fellow officials, is clearly unthinkable. Or at any rate un-British. One can imagine a committee of Sir John Hunt, Lord Trend and Lord Wilberforce uniting in disapproval. Yet who, not?

The Council of Economic Advisers in the U.S. publishes frequently, in forms ranging from off-the-cuff interviews to the lengthy annual Economic Report to the President. Distinguished men seem happy to serve, and sometimes enhance their reputations. The German government takes published advice from several rival sources, as does the Japanese. Both the advisers and the politicians seem to benefit. So my advice to anyone invited to the British post would be to answer: yes, if I can keep the copyright on my advice. He won't get the job, of course; but then he probably doesn't want it.

spent her early days travelling all that it was not Government caused the deficit.

RACING

BY DOMINIC WIGAN

SEVERAL smart recent winners including Adviser and Aspect clash in this afternoon's Sirenia Stakes at Kempton and the six-furlong juvenile event has the makings of an intriguing race fast for Adviser, who followed

KEMPTON
2.15 Starstruck
2.45 Galatine
3.15 Angel's Pathway
3.45 Ring Rose
4.15 Aspect**
4.45 Regent Dancer

HAMILTON
6.55 Yellow Boy
7.20 Miss Diver
7.50 Halls Treasure**
8.15 Haunting Music

Treasure another 1½ lengths away in third place.

If Aspect can reproduce that running, this well-made juvenile which could be won by Doug Smith's twice-raced Huntercombe colt.

Aspect, a respectable second to Card Player on his debut at Newmarket on 1,000 Guineas day, when he started at 11 to 10, did not reappear until Yarmouth's City Park Maiden Stakes 10 days ago.

He drifted ominously in the betting in the face of hefty support for Menin but never looked in the remotest trouble.

Leading from the start to

finish, he quickened away from his highly-rated Newmarket rival a furlong from home to score by five lengths with Halls

stable is on the crest of a wave

up a fluent Goodwood success with facile victory over poor opponents at Salisbury a week ago.

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WORLD TRADE NEWS

IN BRIEF

Fibre sales to Europe increase by half

Britain's man-made fibre producers managed to increase their sales to other EEC countries by more than half in the first six months of 1976 and are now selling more than one third of their output within the Community.

The industry, though still generally losing money as a result of continued weak prices for most of its products, made some recovery in output in the January-June period with total production exceeding the very depressed levels in the first half of 1975 by 14.2 per cent.

The improvement was strongest in export markets where a 20 per cent increase by value was recorded, enabling the industry to return to surplus in overall trade after the small deficit last year. Total sales of fibres, yarns and fabrics in the first six months in export markets came to £214.4m. with imports at £211.7m.

Sales to EEC countries totalled £75.3m. representing 36.5 per cent of all exports against 30 per cent in the first half of 1975. Purchases from the EEC at £118.1m. accounted for more than half of U.K. imports.

Swiss arms exports

Switzerland exported arms worth Sw.Fr. 215m. (about £50m.) in the first half of this year, about 16 per cent. more than in the same period of 1975. The Swiss Government said yesterday. Chief customers were Iran, Netherlands, West Germany, Spain and Austria.

Rail vans for N.Z.

Japan's Mitsubishi Heavy Industries has been awarded a contract to supply 17 additional guard vans for New Zealand railways. The vans are in addition to 56 vans ordered by New Zealand last year from the same company.

Jordan contract

The French companies Heury and Spie Batignolles of Paris will build a \$270m. fertiliser plant at Jordan's port town of Aqaba on the Red Sea. The project is expected to be operational in late 1979, and in addition to fertilisers, will produce 2,000 tons of sulphuric acid and 1,000 tons of phosphoric acid daily.

Delay on Bolivian agreement

By Hugh O'Shaughnessy

THE SIGNATURE of a \$75m. loan agreement between the Bolivian Government and a consortium of banks led by Citicorp did not take place yesterday as announced.

Mr. Carlos Calvo, the Bolivian finance minister, in London for the signing, said that a number of legal matters remained to be settled but that he expected the agreement to be signed in the next few days in New York.

Mr. Campbell adds: "The precise nature of the problem or problems which caused the postponement was the subject of a number of rumours in the City yesterday, including suggestions that last minute changes in the legal conditions in the loan could not be agreed by all the participating banks in time."

Calvo, the lead manager, said that the loan agreement would be signed very soon on the same terms and conditions and that the hold-up was due to a mechanical problem regarding powers of attorney.

The postponement of loan signings is by no means uncommon in the Euromarket up to a couple of days before the date which has been fixed.

For a signing to be postponed when a Finance Minister has already reached London and within hours of the time fixed is, however, very unusual.

Final talks on Brazilian oil contracts expected

By DAVID WHITE

BRITISH PETROLEUM is Geisel first announced the plan to be the first international oil company to start division of the first draft reflected negotiations with serious divisions within Petrobras on an exploration contract, likely to be signed before the end of the year.

Applications for the contracts. The deals are to be strictly into Brazilian exploration for oil remains in Petrobras's hands, the first time since the 1930s, while prospectors will be closed last month with only five groups in the running out when oil is found in the exploration regions.

The desistance of other foreign groups means that several of the 10 areas designated for foreign exploration will have found no takers. These are believed to be the central Amazon region, where Petrobras itself has made several unsuccessful forays, and other areas off the north-eastern coast and off the southern State of Rio Grande do Sul.

BP is understood to be interested in two regions, one in the Amazon basin, the other off Rio de Janeiro, it is believed by a group of oil companies, but are believed to have been put off by the difficult terms of the initial draft contract put before them.

The delay in getting the contracts off the ground—President

BRASILIA, August 18.

Brazil. Shell, Exxon and Texaco all have extensive petrolium operations in Brazil.

Foreign oil representatives say they expect substantial changes to be made in the draft contracts, especially on terms of payment. The opposition lobby against the contracts has piped down somewhat in the past few months, partly because of strong pressure from President Geisel and partly because of the seriousness of Brazil's balance-of-payments situation, according to informed sources here.

Brazilian oil production, which now all comes from Petrobras, this year has dropped by about 2 per cent and now stands at just under 175,000 barrels per day, but this level is expected to increase by the end of the year as new offshore wells come on stream.

The Petrobras field of Campos off Rio de Janeiro is believed by foreign oil experts to have a capacity of 270,000 b/d by 1980, and possibly 500,000 b/d by 1985, when domestic consumption is expected to be 1.2m. b/d. Production currently covers less than 20 per cent of Brazil's needs.

Several other companies such as Mobil and Gulf, had gone so far as to purchase geological surveys from the Brazilian state of Holland in conjunction with its U.S. associate Shell Oil, Texaco, Exxon, and Elf-Aquitaine of France together with Italy's Agip.

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AMERICAN NEWS

U.S. troops on alert in Korea

By DAVID BUCHAN

THE UNITED STATES has placed its 42,000 troops in South Korea on alert following the Pueblo incident of 1967 when a U.S. intelligence ship was captured by the North Koreans. Last year Mr. James Schlesinger, then Secretary of Defense, revealed that the U.S. had tactical nuclear weapons in South Korea.

At the same time as the Pentagon announced the alert, U.S. and North Korean delegations were meeting in the Military Armistice Commission at Panmunjom—a meeting expected to be marked by heated exchanges of charges.

Yesterday President Ford and Secretary of State Henry Kissinger condemned the killing as wanton, vicious and unprovoked murder. Pentagon officials said to-day that the increased state of readiness does not constitute a war footing, and that no U.S. forces outside Korea were involved in the alert yet.

Intelligence gathering by the U.S. has been stepped up sharply increased tension along the whole demilitarized line zone, which straddles the peninsula.

State Department officials have speculated that the North Korean aggression may have been timed to coincide with the current conference in Colorado.

Which the North Koreans have been trying to use as a formula for the total withdrawal of U.S. forces. But the same officials admit that North Korea—one of

interested in signing a peace treaty with the U.S. when they would be no repeat of the Communist bloc—has always tended to over-react and that there is little knowing what they will try to do next.

In 1974 and 1975 the North Koreans tunneled under the demilitarized zone in what seemed to be a serious attempt to launch an invasion of the south.

The deaths of the two officers who were leading a working party to trim trees and brush to improve visibility across the cease-

fire line were the first in the Joint Security Area around Pan-

munjom for 23 years, and have

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U.S. forces. But the same officials admit that North Korea—one of

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KANSAS CITY, August 19.

Reagan supporters' final fling delays Ford victory

By DAVID BELL

FOR MORE than an hour last night, the Republican convention came to a virtual halt as Ronald Reagan's supporters, quite undaunted by the sure prospect of defeat, staged one last, loud demonstration on his behalf.

Special plastic horns drowned out the chairman and even silenced the convention band, whose repeated attempts to end the chaotic support with a hymn of God Bless America were behind schedule that night.

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Danish Government wins vital votes for economic measures

BY HILARY BARNES

COPENHAGEN, August 19.

DENMARK'S Social Democratic minority Government succeeded yesterday in winning the support of the Conservative Party and thus assuring a parliamentary majority for its economic stabilisation programme, which includes steep increases in road vehicle tax and purchase tax on alcoholic drink, tobacco, sugar, tea, coffee and petrol.

The Conservatives, which have only nine MPs, agreed to support the Government after winning several small concessions, the most concrete of which is retraction of a proposed Kr.1 (10p) tax on bank cheques. They also received an assurance that the tax increases would be limited to two years.

The measures are due to receive their final readings late to-day in the Folketing (Parliament), and although surprises are possible in a 10-party Parliament, the Government appeared to be safe. The measures were prompted by this year's big spending and import boom and a record first-half current balance of payments deficit.

To-day's remarkable political agreement came about after strong pressure on the Conservatives from the business community to help stabilise the economic and political situation. The

Abortions for three more after Seveso gas escape

MILAN, August 19.

THREE MORE women exposed to the poison gas dioxin which escaped from a plant in northern Italy underwent abortions to-day to avoid the risk of giving birth to deformed children.

The operations brought to six the number of women exposed to the poison who have had abortions. Another nine are on a waiting list for the operation.

Hospital officials said the three women who underwent abortions to-day were between 30 and 40 and in the eighth to twelfth weeks of pregnancy.

The women were exposed to a chemical cloud containing the dioxin which escaped from the Swiss-owned Ichemex chemical plant at Seveso on July 10. Authorities have evacuated more than 800 people from their

UPI

Aegean dispute hearing

THE INTERNATIONAL Court of Justice at The Hague announced yesterday that it will hold a public hearing on August 23 on the Greek-Turkish dispute over the Aegean seabed. Greece has asked the Court to order Turkey to stop probing for oil in the Aegean and to define the limits of the continental shelf there.

Meanwhile, at the United Nations, Britain, the U.S., France and Italy, the Nato members of the Security Council, have proposed that Greece and Turkey accept a resolution calling on both of them to exercise the utmost restraint in the dispute and return to the negotiating table, our UN correspondent writes.

Meanwhile, the Turkish survey ship Sisimik-1 sailed into the Aegean yesterday to resume oil exploration under the shadow of a Greek destroyer and gunboat. Greeks, which last time the ship conducted explorations in the Aegean, put its armed forces on the alert and declared the vessel's mission a threat to peace, has now sent a naval detachment to shadow the Sisimik-1. But well-informed sources in Athens said the two warships would keep a discreet watch on the Turkish operation.

Norway oil find **Commonwealth**'s Norwegian subsidiary has discovered oil and gas shows on a well about ten miles due east of the British Cod Field, and in the same Norwegian sector of the North Sea. The well, the second on block 7/2 of the Norwegian sector, is still being drilled. The hydrocarbon show was encountered in a Jurassic

age

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Italy has surprise payments surplus

BY ANTHONY ROBINSON

THE ITALIAN balance of payments showed a massive favourable turnaround in July according to latest provisional figures from the Bank of Italy whose size has taken even the Central Bank by surprise.

In June the balance of payments showed a deficit of Lira 225.7bn, arising from a current account deficit of Lira 177.1bn, and a capital account deficit of Lira 48.7bn, offset however by a positive showing of Lira 102.4bn, in the errors and omissions account.

In July, however, this deficit swung round into a record surplus of Lira 830bn.

The Conservative volte-face also leaves the largest opposition party, the Liberals, isolated, and political commentators are saying that even if there was a new election the chances would be negligible of forming a government that would not be dominated by the Social Democrats.

The Liberals, however, have stood by their arguments that the Government's policies will

not achieve its predictions of price and income stability and reduced budget and balance of payments deficits. Liberal leaders forecast to-day that within a few months the economy would be back where it is now and that the Folketing would then be forced to take tougher measures.

The trade unions are up in arms against the measures which seek to limit wage increases to a pere cent in 1976 and 1977.

Thomas Nielsen, today called the measures "legalised theft".

JUST as in America they talk of "Joe Sixpack" so in West Germany Otto Normalverbraucher is the Mr. Average Man.

He is a blue-collar worker and in 1975 he took home £6,000 after tax. He is the norm. He has a wife and two children and last year he spent £1,200 on food and £730 on rent. He had 29 working days holiday, and there is a two-thirds chance that he spent them abroad and £350 in the process. After all his other expenses he was able to save £750.

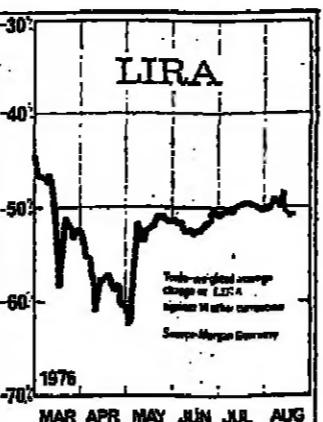
These eye-opening figures are what lie behind Germany's all-pervading reputation of wealth. They must be qualified at once. The sterling figures are arrived at by converting Deutschmarks at the present lamentable exchange rate of DM4.50 to the pound. This rate certainly does not reflect the relative buying powers of the pound and the Deutschmark on their home ground.

Yet the exchange rate cannot be wholly shunned either. It does reflect what Otto has in his wallet as he strolls along Oxford Street or the Riviera, and what he must pay—give or take a fat German profit margin—for the same Italian trifle that one buys in Britain. In fact it is mainly in the market for food, where world prices are not allowed to penetrate, or in the service sector, where one German working hour can buy no more than another, that the exchange rate is the poorest reflection of German reality.

The classic correction is to express the working hours of different nations in terms of loaves of bread, bottles of beer, colour televisions and other essentials. Herr Otto comes out well but not as spectacularly as the opening paragraph might suggest. In 1975 he had to work 22 weeks to buy a motor-car, while his English counterpart had to work 29 weeks and the Frenchman 35. He got a suit with 30 hours work, the Englishman with 32 hours. He earned a pound of butter in 24 minutes, while the Englishman did it in only 16 minutes and the Frenchman, who really suffers in this type of calculation, had to work 39 minutes.

At the end of July the Deutsche Institut Fuer Wirtschaftsforschung in West Berlin produced an extensive report on the distribution of income in Germany. For the English reader the first impression it leaves is of the size of the figures involved—the wealth—even in West Germany terms—of the professional class. The third is the way in which "the working class" and "the middle class" are no longer distinguishable in financial terms.

The graph accompanying this article give some idea of the way in which West German income is



revision later. However, there is no mistaking a massive turnaround in July which appears to have benefited from a series of more or less transitory favourable factors.

On the trade account, the month was characterised by a very low level of oil payment, while exports appear to have been at a high level and tourist receipts were also substantial.

But the principal factor has clearly been the strengthened position of the lira and the substantial capital inflow which followed the June election result, plus to some extent the effect of legislation obliging exporters to remit 30 per cent of foreign receipts within seven days to the official reserves.

This is in spite of the repayment of \$250m, drawn earlier from the swap facility with the New York Federal Reserve.

This improvement in the official reserves has also been accompanied by a slight improvement in the medium and long-term foreign indebtedness to the Italian residents to declare and repatriate their foreign assets. The time limit for the latter was originally August 18 but has since been extended for another three months.

The Bank of Italy has been

ROME, August 19.

steadily acquiring foreign currency for the reserves over the two month period since the election and this is reflected in the latest currency reserve statistics which show a 54 per cent increase of Lira 772.1bn in Italy's convertible currency reserves in July to Lira 1,285.1bn, compared with Lira 1,135.9bn in June.

Overall the net official reserves of the Bank of Italy rose to Lira 14,012.8bn in July compared with only Lira 12,812.8bn in June, an increase of 42 per cent.

This is in spite of the repayment of \$250m, drawn earlier from the swap facility with the New York Federal Reserve.

This improvement in the official reserves has also been accompanied by a slight improvement in the medium and long-term foreign indebtedness to the Italian residents to declare and repatriate their foreign assets. The time limit for the latter was originally August 18 but has since been ex-

tended for another three months.

The Financial Times Friday August 20 1976

E B E S

SOCIETES REUNIES D'ENERGIE DU BASSIN DE L'ESCAUT S.A.

Points from the Directors' Report for the year ended 31st December 1975

The Company's total electricity sales to households and to industry rose in 1975 by 12.3% over the 1974 total. High sales, however, fell by 1.5% heavy industry being hit partly hard by the recession. Overall, therefore, the Company's electricity sales registered a 7.7% decline.

The 30 MW gas turbine at Mol and first 280 MW therm at Genk-Langereau were commissioned, and the Doel and Tihange nuclear stations both came on to full power during 1975. EPR units are under construction at the Genk-Langereau, Ronse and Co. Trois Ponts stations. Four nuclear groups in the L01 series are under development. Capital expenditure in 1975 amounted in all to B.Fr.4,360 million.

In respect of the year 1975 an unchanged dividend net of holding tax ("précompte mobilier"), of B.Fr.161.—will be paid each of the Company's 9,200,000 shares.

EXTRACTS FROM THE ACCOUNTS

PROFIT & LOSS ACCOUNT	1975 (B.Fr.'000)	1974 (B.Fr.'000)
for the year ending 31st December	1,884,610	1,616,610
Net operating revenue (after charging depreciation of fixed assets)	2,476,771	2,005,545
Income from investments after deducting withholding tax	1,922,578	1,792,512
Net profit after taxation Dividends, including withholding tax	1,853,512	1,638,508

BALANCE SHEET	as at 31st December	1975 31,206,171	31,000,000
Fixed assets	12,615,462	8,500,000	8,500,000
Current assets	44,175	5,555,298	5,555,298
Intangible assets	49,885,906	40,000,000	40,000,000
Share capital	13,162,500	12,500,000	12,500,000
Reserves	19,317,798	19,000,000	19,000,000
Long-term loans	21,945,349	15,000,000	15,000,000
Current liabilities	5,632,661	4,995,000	4,995,000
	49,885,908	40,000,000	40,000,000

The above-mentioned dividend of B.Fr.161.—is now at presentation of Coupon No. 31. Coupons should be sent at the offices of Banque Belge Limited, 16 St. Helen's London EC3A 8BT for payment at the current rate of exchange.

Copies of the full Report and Accounts for 1975, in French together with a resume in English are obtainable from the same address.

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INTERIM STATEMENT

JARDINE JAPAN INVESTMENT TRUST LIMITED

Interim Financial Statement (unaudited)

for the six months ended 30th June 1976

Period	Six months to 30/6/76	Six months to 30/6/75
Gross Income	2,402,574	1,930,000
Net revenue before Taxation attributable to shareholders (after charging expenses and interest on foreign currency borrowings)	229,381	184,000
Estimated Taxation	215,276	144,000
Attributable to Shareholders	214,103	140,000
Net Asset Value per share at end of period	154.2p	125
The Chairman's Statement in the 1975 Accounts referred to the decline in net revenue experienced as the programme of reinvestment in Japan proceeded. This policy has now been completed and is reflected in the lower net revenue attributable to shareholders for the 6 months to 30th June 1976.		

3 Lombard Street, London, EC3V 9AQ. MATHESON & CO. LTD. SECRETARIAL SERVICES

August 1976

Economic worries face Giscard

BY ROBERT MAUTHNER

FRENCH President Valery Giscard d'Estaing New home to-day from a big game hunting holiday in Africa to a cold shower of pessimistic Press comment on the political and economic situation.

The respected Paris evening paper *Le Monde* spoke of a "a crisis of confidence" (a well-known phrase in French political jargon that regularly crops up when hard domestic news is scarce) and muttered darkly about the *laissez-faire* attitude of the Government.

The main cause of concern is the economic situation: the beating that the franc has taken on the foreign exchange market during the past few weeks came as shock to a country not yet fully reconciled to the vagaries of a floating monetary system.

All the blame was initially put on "the speculators" who were anticipating an early revaluation of the Deutsche mark, but the lesson is sinking in that the markets were also reflecting a lack of international confidence in the French economy. That this lack of confidence is now being accepted—even by commenta-

tors—means that the growing trade deficit and the sharp jump of 8.7 per cent in hourly wage rates over the first six months of this year has led to a chorus of criticism of the Government's failure to take quick remedial action.

HOME NEWS

Consumer spending decline exceeds earlier estimate

PETER RIDDELL, ECONOMICS CORRESPONDENT

SUMER SPENDING fell by 1 per cent. in real terms in the first and second quarters of this year, according to estimate published yesterday by the Central Statistical

decline reflects a fall of 1 per cent. in expenditure on motor vehicles from the year of the first quarter, 3.5 per cent. on clothing and footwear on clothing and footwear on durable household

all in spending on wines, beer between the quarters is offset by rises in spending on beer and wine, and there was a change in expenditure on fuel and light.

1 per cent. overall decline is shown with a drop of about 1 per cent. in the first quarter, shown by the first quarterly estimate published yesterday. The revision is based on more up-to-date information on motor vehicles after estimate showed a slight downgrading of retail sales figures.

Behind the overall economic recovery the main stimulus has come from the growth of exports and stockbuilding, and is expected to do so next year as well.

The detailed expenditure underlying trend of figures show how over the first half of the year appears to be fairly flat, with a sharp rise in retail sales in July. This is hardly given the current

CONSUMER EXPENDITURE						
	1970 prices, seasonally adjusted, £m.	Food & drink	Housing & fuel	Clothing & household	Durable goods	Cars & Motor vehicles
Total						
1975	9,641	2,846	1,530	811	467	341
2	9,629	2,772	1,543	762	466	303
3	9,729	2,797	1,537	767	387	313
4	9,804	2,828	1,546	750	396	281
1976	9,912	2,767	1,573	791	434	348
2	9,830	2,763	1,566	765	419	345

squeeze on disposable incomes and the evident limits to the extent to which people will draw on their savings.

The official view is that the tax changes and rebates, conditional on the second stage of the pay policy (which have now come into force) should help sustain consumer spending during the second half of 1976 at around the level of the first six months. But the OECD has been more pessimistic, recently forecasting a decline of about 1 per cent. at an annual rate between the two periods.

Behind the overall economic recovery the main stimulus has come from the growth of exports and stockbuilding, and is expected to do so next year as well.

The detailed expenditure underlying trend of figures show how over the first half of the year appears to be fairly flat, with a sharp rise in retail sales in July. This is hardly given the current

nit Trust sales year's lowest

CLUSTRE state of the unit trust market has influenced the joint release was due to the members of the association being concerned that many people did not realize how important the flow from life assurance policies had become for unit trusts.

In particular, he believed that in particular, he believed that in June last year (£24.6m.) value of repurchases are same this July as they are £27.7m.

It is still higher than the June last year (£24.6m.) value of repurchases are same this July as they are £27.7m.

It is to leave net new investment in unit trusts £23.8m.

£23.8m. in June at £19.3m. is somewhat higher than last July. This is unlikely to have he results significantly.

ture of the July results they are issued simultaneously with the unit-linked

releases of the Linked Life

group.

In this sense the unit trust

business was becoming more

value of unit-linked policies.

in Simon, chairman of a "cash flow" business like pension funds and insurance com-

panies rather than a "feast or famine" business with violent fluctuations in the numbers of one-off investments.

Certainly the figures reveal the growing importance of unit-linked business. For direct investment, the total new sales for 1973 in the number of people holding units directly must be seen in the context of the 34.6 per cent. rise in the number of linked policies involving unit trust investment over the same period.

Such policies now total £34m. and, allowing for duplication of holdings, it is estimated that the figure of 1.1m. for direct unit-holders might be simplified to 2m.

If indirect investors are taken into account.

Similarly the aggregate market value was becoming more

value of unit-linked policies.

which was only £240m. at the end of 1974, now totals £580m.

Average price of homes rises 4%

Engineering industry new orders lag behind sales

BY ROY HODSON

REPORTS FROM industry about the slow increase in new orders are borne out by the latest Government figures. They show that engineering industry order books are shortening as the level of sales for British companies remains above the inflow of new orders.

Both home and export order books have continued to shorten, according to figures to May this year published in the new issue of Trade and Industry.

The most heartening news from the statistics is that there has been a continuing upward trend in both sales and new orders in the engineering sector following the trough reached at the end of 1973.

Sales to the home market were 4 per cent. higher in May than in February. Export new orders have been increasing since the end of 1973, rising also by 4 per cent. between February and May.

But the imbalance between sales and the flow of new orders has been sufficient in recent months to shorten export order books by some 5 per cent. between February and May.

The upturn, but the orders are just not coming through for a spirited recovery.

Mr. J. W. Buckley, the chairman of the National Enterprise Board-controlled company Alfred Herbert, who explained this week how the company is being brought back towards profitability by new management and the injection of public money, said that its prospects now depended almost wholly on new orders.

In Alfred Herbert's case much depends upon how quickly British Leyland goes ahead with capital investment. Many other machine tools companies are

Retail trade sales jump headed by the Co-ops

By Elinor Goodman, Consumer Affairs Correspondent

THE CO-OPERATIVE'S sales continued to grow faster than that of the rest of the retail trade in the second quarter of this year, according to figures yesterday from the Department of Industry. While the value of all retail sales in the three months to the end of June was up 12 per cent. on the same period last year, the value of the Co-op's trade was up 15 per cent.

This continues the above-average growth last year of the co-operative retail societies and compares with a 13 per cent. rise in the value of sales through multiple shops in the same period.

The mail order sector, on the other hand, which until last year had lagged in terms of growth, to lead the rest of the retail trade again showed a smaller increase in the value of trade.

The value of its sales in the three months to the end of June was up only 7 per cent. on the second quarter last year.

Distorted

Sales through department stores showed only a slightly larger increase in value than those for mail order with cash sales up 8 per cent. in the second quarter compared to a year ago.

However, both figures are distorted by the 1975 post-Suffolk buying spree which resulted in abnormally high buying of electrical goods in April last year just before the higher rates of VAT came into effect.

The whole non-food sector had a poor April this year compared with a year ago and as a result the value of sales through all non-food shops was only 9 per cent. up in the second quarter compared with the 12 per cent. rise in the value of all retail sales.

Electric plugs warning

By James McDonald

HOTPOINT AND Murphy Richards said yesterday that "in the interest of consumer safety" all permanently moulded-on 13 amp. plugs for appliances bought since October 1975, should be changed without delay.

The plugs fitted to Hotpoint's first-class single subsonic jumbo fare Washington-London is \$662. The corresponding fare London-Washington is £291 which, at current exchange rates, is equal to \$519. By buying two and a half Morphy Richards' appliances

atlantic have discovered a singles a passenger can get the subsonic round-trip for less than

washing machine. Model 1465 were "potentially dangerous."

Air package rules tighter

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO instances where air passengers can abuse the booking system have come to light. Moves are in hand to tighten up rules and prevent the abuses.

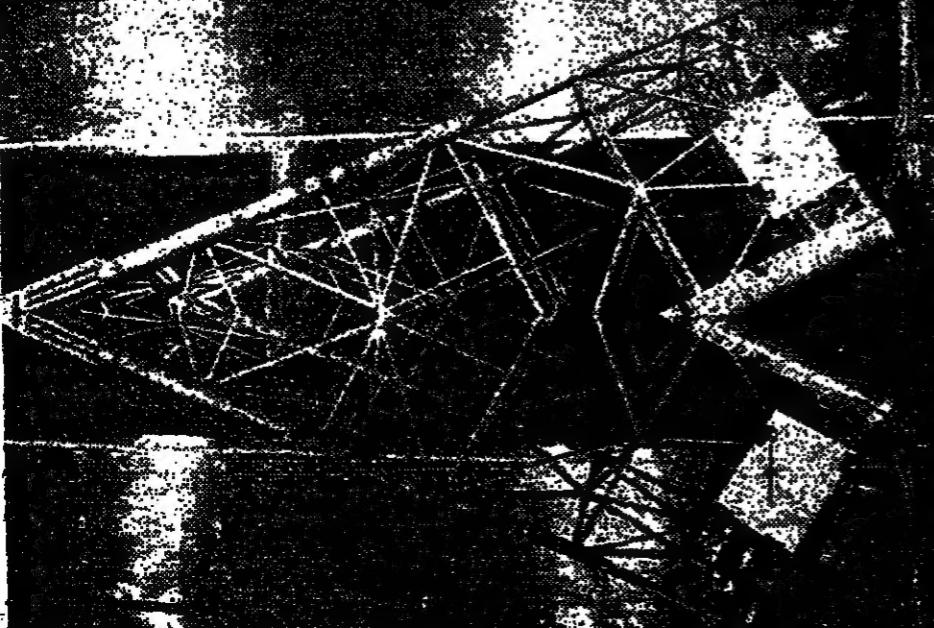
The Civil Aviation Authority is tightening rules governing package holidays by air. In particular the aim is to prevent the growth of ultra-cheap holidays which contain "throwaway" accommodation, thereby enabling holidaymakers to get cheap air travel at the expense of scheduled services.

The authority proposes that for tours starting after April 1 travel organisers must "pre-list" with the authority 30 days in advance the names of all passengers buying package tours to certain destinations at certain prices.

2—Astute travellers across the Atlantic have discovered a singles a passenger can get the subsonic round-trip for less than

washing machine. Model 1465 were "potentially dangerous."

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LABOUR NEWS

Two big building unions are at loggerheads

BY CHRISTIAN TYLER, LABOUR STAFF

RELATIONS between two big building unions, the Transport and General Workers and the Union of Construction, Allied Trades and Technicians, have reached their worst point for years.

The TGWU is threatening to leave the national joint council for the building industry after a ruling against it by the industry's disputes panel.

It claims that UCATT, the biggest union in the industry, is "using its dominant position both on national committee and at local level to work against the TGWU."

Officials also say that UCATT is in collusion with the National Federation of Building Trades Employers to undermine TGWU influence.

If the TGWU's national build-

ing committee decides at its next meeting to leave the joint council—which sets minimum wages and conditions for about 300,000 workers—the national machinery could be in danger of collapsing as the TGWU sets out to make agreements with individual firms.

UCATT has also complained about the TGWU. Recently Mr. George Smith, general secretary, alleged that it was using its political influence to secure a State job for one of its retiring national officers.

Summering rivalry, mainly about recruitment, came into the open after a conciliation panel ruling on a TGWU strike at Tarmac's construction site in South London, where the Lambeth and Brixton recreation centre is being built.

After the ruling, he wrote to Mr. Smith of UCATT and to the employers' secretary of the national council, Mr. Oliver Jayne, to say that the TGWU's whole relationship with the national machinery was to be examined by the union's building committee early in October.

The TGWU has made no official claim for more money, them members of the Transport and General Workers' Union, has been driving round the country in a red Mercedes urging tunnellers to stop work in a Southwark meeting of London by one of the union's national pursuit of higher piecework region tunnellers.

BY OUR LABOUR STAFF

earnings. The TGWU has made no official claim for more money, To-day, Mr. Brian Cox, TGWU assistant secretary for the construction industry, will address a Southwark meeting of London tunnellers.

Many men also had their health broken by simple exhaustion after years of working in very high temperatures.

"I believe that we are in a totally different position from other groups. We can't get people to do the job now, perhaps early retirement will help."

Mr. Smith said that he did

not believe that the miners' retirement demand, will not be submitted in time with any pay claim guidelines.

not believe that the miners' retirement demand, will not be submitted in time with any pay claim guidelines.

Immediate earlier

retirement sought by blastfurnaceme

BY IAN HARGREAVES, LABOUR STAFF

BRITAIN'S blastfurnacemen are to follow the example of the miners in seeking an immediate reduction in the retirement age.

Unlike the miners, however, the blastfurnacemen are prepared to advance towards the target of pensions at 60 in one year stages.

The National Union of Blastfurnacemen, which has 16,000 members, has submitted a claim to this effect to the British Steel Corporation. There will be a meeting between the two sides to discuss the matter in about a fortnight.

Mr. Beeter Smith, the union's general secretary, said last night that evidence was growing that men working in coke ovens were prone to forms of cancer and skin disease.

The executive has now decided to advance towards the target of pensions at 60 in one year stages.

Early retirement

executive council of

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ment to increase the

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decided to advance towards

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Tunnel confrontation possible

BY OUR LABOUR STAFF

News agencies m chairman of ACA

BY ALAN PIKE, LABOUR STAFF

MANAGEMENTS of the three Fleet Street news agencies involved in the National Graphical Association blacking dispute met Mr. Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service, yesterday afternoon.

The agencies approached ACAS after both the Government and TUC had shown themselves earlier in the day unwilling to be drawn into the issue.

No new initiative emerged from the meeting and there is no obvious room for intervention by conciliation officers at this stage.

Officials of the Newspaper Society, which represents provincial newspaper managers, visited the Department of Employment, but were told that the dispute was "not a matter in which the Department has any role to play."

Mr. Len Murray said in a letter to the news agencies that his present conclusion was that the TUC could not intervene.

NCA chapels (office sections) in newspaper offices throughout the country are blocking copy from the Press Association, Reuters and Exchange Telegraph in a dispute over 130 employees at the agencies expelled from the union for withholding contributions from its London retirement fund.

Agency copy is an important at Houghton Mifflin Co.

Stagehands end strike at National Theatre

BY CHRISTIAN TYLER, LABOUR STAFF

PERFORMANCES at the National Theatre and Young Vic resume tonight after the ending yesterday of an unofficial strike by 60 stagehands.

The National Theatre estimated that its revenue loss at the two theatres since the strike began on Monday was £10,000— "a lot of money in this business."

The stagehands were in dispute over payments for rehearsals in the still unopened Olivier auditorium during performances in the Lyttelton auditorium. Ten of them were suspended on full pay for refusing to call a strike to work.

No extra payments are proposed in the agreement reached early yesterday after eight hours of talks between the stagehands and the National Theatre.

Dockers reach agree

BY OUR LABOUR STAFF

AGREEMENT has been reached in principle on a cash incentive scheme to encourage Thames dock workers to transfer from up-river jobs to Tilbury.

It still has to be formally ratified by both employers and unions, but it is believed that the Port of London will accept the offer of £1,000 accepted by the unions yesterday.

About 300 men are to take advantage of the scheme at the Tilbury docks.

The scheme is designed to improve the labour supply position of the Port of London.

New strike hits Plesse

BY OUR LABOUR STAFF

PLESSEY telecommunications, whose Sunderland factory has been closed by an inter-union dispute, has now been hit by a strike of technicians at its site at Beeston, Nottinghamshire.

About 30 telecommunications technicians, all members of the Association of Scientific Technical and Managerial Staffs, were suspended at Beeston after they stopped work in protest at the arrival of six Sunderland trainees to study the production of transmission plant, which is to be transferred to Sunderland.

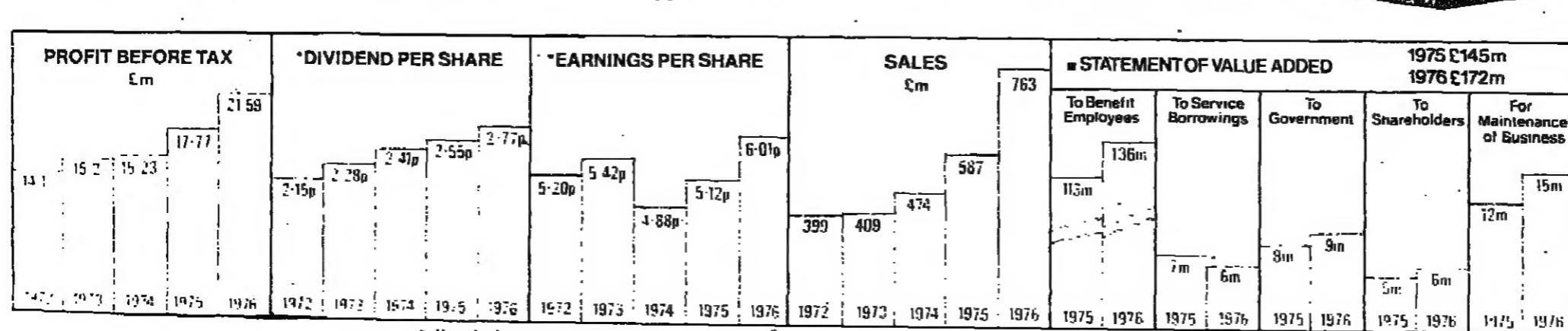
The Sunderland dispute was the subject of talks at the Engineering Employers Federation, but no solution appears to have been reached.

The Amalgamated Union of Engineering Workers and the General and Municipal Workers Union are in disagreement over

The future looks healthier.

“We’re planning to invest now, on a scale we haven’t previously contemplated” SIR JAMES BARKER

Unigate



Financial Times Friday August 20 1976

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HARDBEAKS LABOUR STAFF

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National The

Duckers ready

new strike

حکایات الکھل

2194 mph and 85,126 feet.



The SR-71 breaks world speed and altitude records.

The Lockheed-built SR-71 flashed through the skies July 27-28, to set four unofficial world speed and two world altitude records. Three Air Force crews joined in the historic flights of this titanium plane, recapturing several records held by Russian MIG-25 Foxbats. The crews are from SAC's 9th Strategic Reconnaissance Wing.

The records:

1&2. World Absolute Closed Circuit Speed Record and World Class Speed Record over a 1000 kilometer (621.4 miles) course. (The SR-71 is a Class C-1 Group III jet-engined aircraft, same as the Russian MIG-25 Foxbat.)

Flown by: Maj. Adolphus H. Bledsoe, Jr., pilot, and Maj. John T. Fuller, reconnaissance systems officer.

3&4. World Absolute and World Class Speed Record over a 15/25 kilometer straight course:

Flown by: Capt. Eldon W. Joersz, pilot, and Maj. George T. Morgan, Jr., RSO.

5&6. World Absolute and World Class Altitude Record for Horizontal Flight:

Flown by: Capt. Robert C. Helt, pilot, and Maj. Larry A. Elliott, RSO.

2116 mph, surpassing the previous Absolute Speed Record of 1853 mph and the World Class Speed Record of 1815 mph set by a Russian MIG-25 Foxbat in October, 1967.

2194 mph, surpassing the previous record of 2070 mph set by a Lockheed-built YF-12A Interceptor prototype sister ship of the SR-71, in June, 1965.

85,126 feet, surpassing the previous record of 80,257 feet set by a Lockheed-built YF-12A prototype sister ship of SR-71, in June, 1965.

The world's fastest and highest flying plane.
**One of the technological achievements
of the 55,000 workers at Lockheed.**

*The unofficial speed and altitude records listed above are based on data recorded by radar and calibrated cameras by National Aeronautics Association observers. It will be forwarded to the Federation Aeronautique Internationale, the official world flight record authority, for review and certification by that agency.

HOME NEWS

Plan for more company information criticised

MARGARET REID

CRITICISM of the in its comments to the Department's proposals for the scope of company information which has come from the British Insurance Association, which represents some 260 insurance companies, suggests that this has the purpose of such information should be provided in a separate section of the Companies Act.

The Stock Exchange and the Association of Unit Trust Managers are among bodies which have already challenged the Government's suggestion that there should be a legal requirement for companies to provide information of interest to a wide range of parties other than shareholders.

On inflation accounting, the Insurance Association believes there could be some conflict between accounts prepared on the basis of proprietors proposed new Current Cost principles and existing accounting standards. It gives warning against too much rigidity.

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The Receiver is offering for sale the assets of the company free from all encumbrances.

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The plant consists of modern machinery appropriate to the trade and stocks on hand amounting to over a million candles in a variety of decorative styles are also offered for sale.

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Plastics makers confident again

By Rhys David

PLASTICS manufacturers are planning to step up their investment over the next six months as a result of renewed confidence over prospects, says a business trends survey published to-day.

Three-quarters of the companies covered by the survey by the British Plastics Federation indicated that they intended to approve capital expenditure during the next six months and two-thirds were planning to expand capacity rather than replace existing equipment.

More than 70 per cent. of those planning to invest will expand capacity during January to June next year.

The survey which covers the three main sectors within the industry—materials, processing and machinery—shows that 75 per cent. of companies expect home sales to increase in the second half of this year and there is some stockbuilding in expectation of an upturn.

More than half the companies expect to increase exports and about 40 per cent. expect sales to remain the same.

The federation points out that not all companies in the industry are making products which can be exported, but it also says that if overseas sales cannot be achieved and maintained now they never will be.

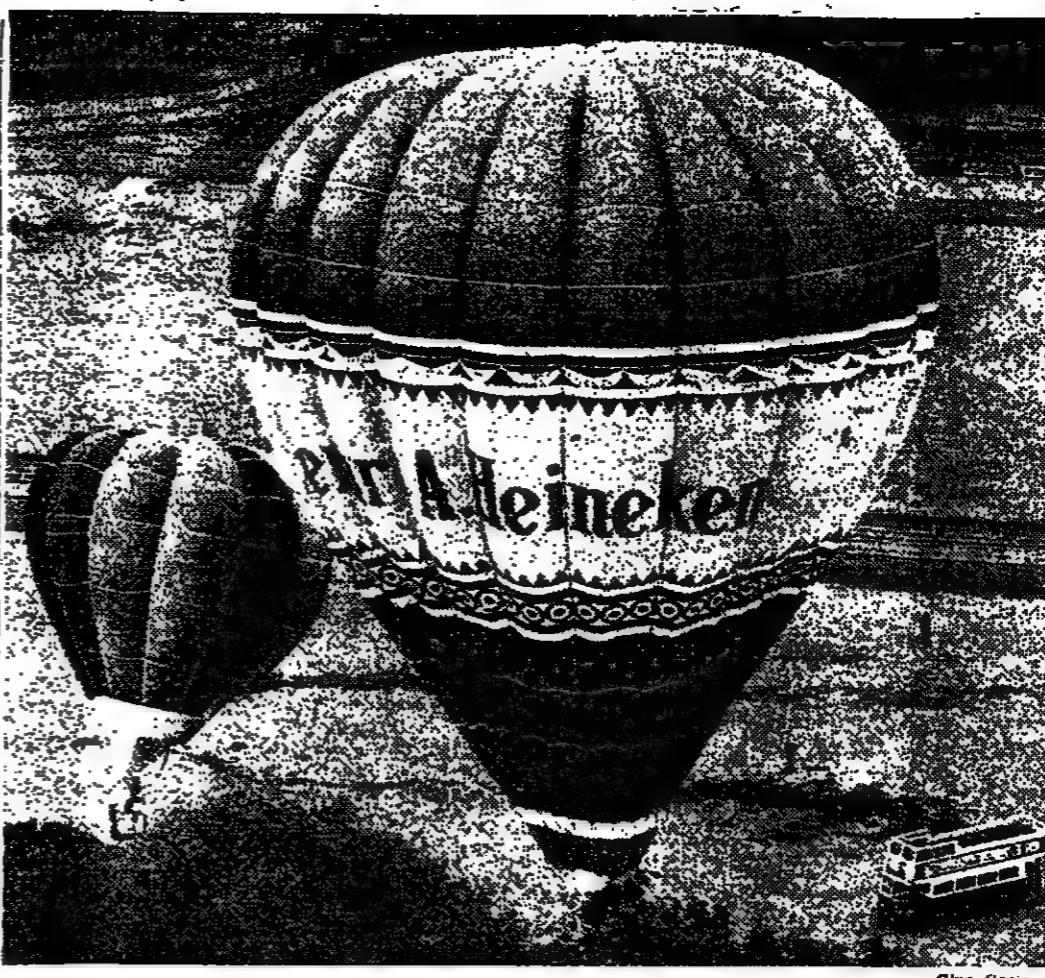
Offshore licences offered

APPLICATIONS for fifth round offshore production licences will be formally invited to-day in notices published in the London, Edinburgh and Belfast Gazettes. Closing date for applications will be October 5.

Seventy-one blocks and part-blocks (equivalent to 59 complete blocks) are on offer, covering an area of nearly 15,000 square miles.

The British National Oil Corporation will be a 51 per cent. partner to all fifth round licences, but any British Gas Corporation stake will count towards the 51 per cent. State participation.

The hot air balloon Gerard A. Heineken seen yesterday rising majestically above the trees in London's Battersea Park. Claimed to be the largest such "gas bag" in the world, it will soon attempt a North Sea crossing from Amsterdam to East Anglia. The balloon is as tall as Nelson's Column. Its double-deck basket can hold up to 30 people, but for the North Sea crossing it will carry a crew of just three.



Whitehall row over Toyota terminal

BY JOHN HUNT

REFUSAL by the Department of Industry to allow Toyota, the Japanese car company, to build its main U.K. importing centre at the new £37m. West Dock in Bristol has caused embarrassment in Whitehall.

Mr. Edward du Cann, Conservative MP for Taunton and chairman of the Commons Public Accounts Committee, last night condemned the decision as a "disgrace" and misuse of public money.

The refusal is likely to lead to re-consideration within the Government. Mr. Anthony Wedgwood Benn, the Energy Secretary, and Mr. Michael Cocks, the Government Chief Whip, are certain to come under fierce pressure from their Bristol constituents to reverse the decision.

In an effort to cool tempers, Mr. Alan Williams, Minister of State for Industry, will meet the Bristol Port Authority on Monday to explain the reasons behind the refusal.

Mr. du Cann said that it was yet another example of a socialist government discriminating against the interests of the South-West. "My colleagues and I will back Bristol very strongly in this matter."

Strong lobby

A strong Merseyside lobby is building up to persuade Toyota to build its U.K. import base on Merseyside. Mr. F. C. D. Wright, Toyota's general manager, is to visit possible dockland sites on the Liverpool bank of the river on September 8.

Mr. Eddie Lyden, Labour MP for Liverpool Garston and Secretary of the Merseyside Labour MP's has called for an immediate meeting with the Industry Secretary Mr. Eric Varley.

Mr. Owen Doyle, chairman of Liverpool Planning Committee, said that there was suitable land available for development within six miles of the Royal Seaford container terminal, including a 40-acre site beside the M57 motorway. All possible assistance would be given to the company.

Pension funds again invest 35% more

BY JAMES McDONALD

NET INVESTMENT by private pension funds last year is estimated by the Department of Industry to have been nearly £1bn—an increase of 35 per cent., a similar rise to those recorded during 1973 and 1974.

In its Trade and Industry journal, the Department says the most significant feature of net investment by private pension funds last year was the movement into long-term government securities and Ordinary shares "and out of cash and short-term assets—a reversal of the position in 1974."

British Government and government-guaranteed securities accounted for £452m.—or 48 per cent. of total net investment in 1975 compared with £282m. (11 per cent.) in 1974.

Insurance companies' total net investment, including changes in agents' balances, etc., was over £2.5bn. in 1975, representing an increase of 32 per cent.

All of these securities having been sold, this announcement appears as a matter of record only.

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Drilling for members

FOR THE first time in five rounds of North Sea licensing, the world they must abide by the Government has written in local conditions.

A condition on behalf of the trade unions. Applicants for the new blocks will have to demonstrate that they are willing to grant "reasonable access" to representatives of independent unions who want to visit rigs and platforms.

A number of companies have already flown union officials out to rigs; there is even a formal recognition agreement on one rig and informal arrangements on several others. But there are changes in the earlier view that it is no part of the Government's job to stimulate union membership in this infant and politically sensitive area.

Admittedly the new requirement is but a fraction of what the Aberdeen-based offshore union committee has been asking. This committee contains about a dozen unions, the main ones being the Transport Workers, the Seamen, the Boilermakers, Electricians and Plumbers and the Engineering Workers. But after a series of meetings with Mr. Anthony Wedgwood Benn, the Minister for Energy, and the U.K. Offshore Operators Association, the unions appear to have accepted that they will have to pursue most of their aspirations in direct negotiations with individual operators.

The union committee—with TUC backing—would still like to set up some kind of national forum which favour the TUC campaign for an organised presence in the North Sea. It cannot act as a collective negotiating body for the industry. But the committee recognises that such a forum could not hope to set common wages and conditions for the 8,000 odd men working in the North Sea at present.

Rig charter

The committee's chief spokesman, Mr. Bill Reid of the Transport and General Workers' Union, says Mr. Benn's inclusion of union access in the licensing conditions is a considerable step forward, even though many companies have anticipated it on their existing fields. "I have talked to several U.S. companies," he says, "and they do accept that this is the name of the game.

legislation more conducive to

the protection of the Continental Shelf.

An Order passed on June 21 under the Employment Protection Act means that all workers, British or foreign, mainly employed in British oilfields will be able to pursue union recognition claims, go to industrial tribunals if they feel they have been unfairly dismissed, and seek redundancy payments.

This does not give the unions

any legal right to access or any right to recruit. But it does

allow the success of the National

Union of Seamen in negotiating

put through Parliament.

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an agreement from which it was excluded. Mr. Reid says the unions have now agreed to have no demarcation lines and the issue is no longer contentious.

Following that upset, the TGWU met the shipping unions to discuss "spheres of influence" and avoid more poaching allegations.

It is important for the unions to present a united front, especially when they are calling on the operators to do likewise and to deal with them in some permanent joint body. So long as there was friction between the unions, employers could rightly claim that to allow recruitment by one union would only lead to counter-claims by another—probably resulting in disruption they could ill afford.

From the other side of the fence, UKOOA has consistently pointed out to the unions and the Department of Energy that union agreements can only sensibly be struck with rig operators, who are subcontractors and not members of UKOOA itself. The extent to which oil companies involve themselves with day-to-day rig management varies, although one large oil company appears to be taking the view that more supervision of industrial relations would be desirable.

Bandwagon

Mr. Benn himself has clearly wished to nudge the recognition bandwagon along—union involvement is very much part of his personal creed—and has gone further in that respect than his predecessors. At the same time he appears to have satisfied the TUC that he can only go so far before the oil companies take fright. With the politics of State participation to cope with, he is not going to risk trouble over workers' rights.

Nor do the unions seem to

be in the mood for confrontation at the moment, whereas only a year ago there was talk of industrial action on a wide front if rig operators did not let the unions in.

But without doubt, the unions will be using the new legislation where they can, and be pursuing issues such as safety when the Order extending the Health and Safety at Work Act to offshore sites is

put through Parliament.

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LEGAL NOTICES

No. 92730 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division, Commercial Court, before
the Master of BLACK LINE (CONTRACTORS)
LIMITED and in the Master of
THE COMMERCIAL ACTS
Court.

NOTICE IS HEREBY GIVEN, that a
Petition for the Winding up of the above-
named Company by the High Court of
Justice on the 10th day of August, 1976,
presented to the said Master by J. P.
MCDUGALL & COMPANY LIMITED,
Manchester Road, West, Tipton,
Shropshire, is to be heard before the
Petition is directed to be heard before the
Court sitting at the Royal Courts of
Justice, Strand, London, WC2A 2LL on the
11th day of October, 1976.

Any creditor or contributary of the said Company
desires to support or oppose the making
of an Order in the said Petition, may appear
before the Court on the day of hearing, person
or by his counsel, for that purpose; and a
copy of the Petition will be furnished
to him or his counsel, or to any creditor or
contributary of the said Company, on payment
of such copy on payment of the regulated
charge for the same.

B. J. W. WINTERBOOTH,
Imperial Chemical Industries
Limited,
Imperial Chemical House,
Milbank,
London SW1P 2AY.

Selector for the Petitioner.

NOTE.—Any person who intends to
appear on the hearing of the said Petition
must serve on, or send by post to,
the above-mentioned address, in writing,
his intention so to do. The notice must state
the name and address of the person, or
firm, or body, or other entity, if any,
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be sent by post in sufficient time to reach
the above-named not later than four
o'clock in the afternoon of the 8th day of
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The Management Page

Opéenne WATER saving on paper

Mr. Gordon Reid was that water charges for his city's Cardiff paper mill to increase by a hundred from £650 to £65,000 a year when it was an April Fool

was well aware that the Teape mill drew 8m. s of water a day from the Ely but approximately the amount was pumped 12 hours later only 60 downstream. And the far did say April 1 on that nearly 17 months ago, the man from the Welsh Water Development authority called to announce charges.

Mr. Reid soon discovered a hundred-fold price rise a joke and he was shocked action. For a start he did not pay up and to the water authority has from Wiggins Teape is a legal battle, plus 10 on account. What Mr. Reid did was to halve the mill's water consumption, when the whole of South Wales is gripped by drought, Wiggins Teape mill is the of other, less sighted industrialists.

It was not only the in charges for abstraction water from the River Ely prompted Mr. Reid to the water intake. Though ever dreamed the Cardiff would be without rain for on end during the traditionally wet summer season, he partly from a fear of

the level of the Ely is topped with water from 100,000 gallons a day at both the factory and from the Wiggins Teape mill. Last year nine was closed and though it is still being taken from water, there is no guarantee that the two existing wells at the Ely pumps will not be shut down mill which produce 17,000 gallons of water an hour between in the future. If that them, to their fullest extent, the Ely might run. At present Wiggins Teape has

too low in a dry period to supply all the water needed by

So Mr. Reid's first and most effective move in the battle for greater water conservation was to install a £200,000 back pressure-turbine at the paper mill. Back pressure turbines require no water for cooling purposes which meant that water consumption at the Wiggins Teape mill was cut from 8m. gallons a day to 4m. almost overnight.

That was not all. Once the drought set in this summer, other measures were taken at both the mill and the Wiggins Teape factory in nearby Tredegar. About 400,000 gallons of water are needed to produce one tonne of paper and this means that water is constantly coursing through the machines. But Mr. Reid discovered that even when the machines were switched off, the water continued to go through the system.

Electro-magnetic valves which automatically cut off the water supply when machines are not in use have therefore been ordered and will be installed during the next fortnight. A campaign to educate mill and factory workers in the importance of saving water is already in full swing and each shift is told exactly how much water it has used. Individuals have been made responsible for ensuring that machines and taps are turned off when they should be and it is hoped this will encourage people to make their own suggestions for saving water at work as well as being water conscious at home.

The amount of water that can be wasted through carelessness is staggering. A tap left running in a washroom over a week-end can send tens of thousands of gallons down the drain.

Further savings have been made by slowing down the mechanism which automatically flushes the lavatories and by dint of savings like these Mr. Reid hopes to make further water cuts of 100,000 gallons a day at both the factory and from the Wiggins Teape mill. In addition, disused boreholes are being investigated to see if they can provide extra water. The company is using here is no guarantee that the two existing wells at the Ely mill which produce 17,000 gallons of water an hour between in the future. If that them, to their fullest extent, the Ely might run. At present Wiggins Teape has

by a fractional hp DC motor. Individual devices for each page, the 'press assists' printing arms to achieve correct ink/water balance quickly and reduces paper wastage.

Instead of the film output from photocomposition being used to produce either metal stencils or wrap around photopolymer plates, 0.012 litho plates are mounted on saddles and used to print directly on to the web of the rotary litho. The conventional offset litho rubber blanket is not needed. This has been achieved by the development in the U.S. of much tougher litho plates stated to prevent further water damage.

Main advantage is that the individual sprinkler can be stopped until there is a convenient time to shut down the whole system, leaving the rest of the sprinklers ready to protect the building if there is another fire.

The clamp can be instantly released in the same way as the wrench, by a simple lever action. Details from M. Mole and Son, Crindau Works, Albany Street, Newport, Gwent, NP1 5XZ (0633 8881).

MARTONAIR has introduced a range of metric, double acting, cushioned air cylinders. Called the 'New Standard' range, these M13000 cylinders incorporate a free-flooding porting, which is claimed to produce piston speeds twice as fast as conventional cylinders.

Size ranges available are 32, 40, 50, 63, 80 and 100 mm, and the mountings are dimensioned to provide interchangeability in accordance with BS 4862 and C.E.T.O.P. RP43P where appropriate. Stroke strokes to BS 4862 are available.

Operating pressure range is 1 to 10 bar (15-150 psi), with cushion pressures acceptable up to 40 bar. The maker is St. Margaret's Road, Twickenham, Middlesex, TW1 1RJ.

ADAPTATION has already carried out on some 100 units in the U.S. including Wall Street Journal and about 20 Scandinavian newspapers with rotary machinery to effect lithographic printing. Another approach to the feasible—the conversion using rotary presses to printing.

adaptation has already carried out on some 100 units in the U.S. including Wall Street Journal and about 20 Scandinavian newspapers with rotary machinery to effect lithographic printing. Another approach to the feasible—the conversion using rotary presses to printing.

is applied to the first roller from page-wide on each printing couple the well-known Mole wrench are now marketing a device for sealing individual automatic sprinkler heads in fire extinguishing systems. The idea is to reduce water damage caused by accidental operation of a sprinkler and doctor blades. Past control of the chrome cylinders, and the possible.

the rollers is controlled. Based on the original self-grip

Some companies have already taken action against the worsening drought but further initiatives are needed. Sue Cameron reports from South Wales and Michael Dixon from Devon on savings—such as halving an 8m. gallon daily intake at a Welsh paper mill.

planning to do is import base paper from its Scottish mills in order to keep the Cardiff factory in business. Stopping base paper production at the Ely mill would mean that about 60 or 70 men out of a total workforce of 750 would be left idle. But Mr. Reid says they could be employed painting and maintaining machinery for as long as the crisis lasted.

He insists that the manufacture of vegetable parchment must be kept up no matter how grave the water shortage. This is because of a fear that once production was stopped, the market for vegetable parchment—used in packaging items like butter and margarine—could disappear altogether.

Food processing companies might start putting more of their butter in plastic containers and once this happened they would be unlikely to return to traditional greaseproof wrapers.

The CBI's answer to the problem is that householders should be forced to accept even more stringent restrictions than at present. Already families are having to go without water from 7 p.m. till 8 a.m. but the CBI would like to see domestic supplies cut by up to 60 per cent. It claims that if the domestic industry might just be able to "get by" on a water reduction of 20 per cent—starting next month. Even then, according to the CBI, there would have to be exemptions for food processing and export companies that were already in financial difficulties.

Wiggins Teape reckons it will not be forced to send any workers home even if further restrictions are introduced. Mr. Reid points out that while the water authority can go round turning off domestic supplies at the mains every evening, it can hardly shut down the River Ely. What it could do, however, is to divert the 4m. gallons that pour down from the Llan Harry mines every day away from the river—and therefore away from Wiggins Teape—and into domestic use.

If this happens the paper mill, which now produces vegetable parchment (greaseproof paper) and base paper for carbonless copy paper, will manufacture vegetable parchment only. At present the base paper is sent to the Tredegar factory for coating. What Wiggins Teape is

planning to do is import base paper from its Scottish mills in

order to keep the Cardiff factory in business. Stopping base paper production at the Ely mill would mean that about 60 or 70 men out of a total workforce of 750 would be left idle. But Mr. Reid says they could be employed painting and maintaining machinery for as long as the crisis lasted.

He insists that the manufacture of vegetable parchment must be kept up no matter how grave the water shortage. This is because of a fear that once production was stopped, the market for vegetable parchment—used in packaging items like butter and margarine—could disappear altogether.

Food processing companies might start putting more of their butter in plastic containers and once this happened they would be unlikely to return to traditional greaseproof wrapers.

The CBI's answer to the problem is that householders should be forced to accept even more stringent restrictions than at present. Already families are having to go without water from 7 p.m. till 8 a.m. but the CBI would like to see domestic supplies cut by up to 60 per cent. It claims that if the domestic industry might just be able to "get by" on a water reduction of 20 per cent—starting next month. Even then, according to the CBI, there would have to be exemptions for food processing and export companies that were already in financial difficulties.

Wiggins Teape reckons it will not be forced to send any workers home even if further restrictions are introduced. Mr. Reid points out that while the water authority can go round turning off domestic supplies at the mains every evening, it can hardly shut down the River Ely. What it could do, however, is to divert the 4m. gallons that pour down from the Llan Harry mines every day away from the river—and therefore away from Wiggins Teape—and into domestic use.

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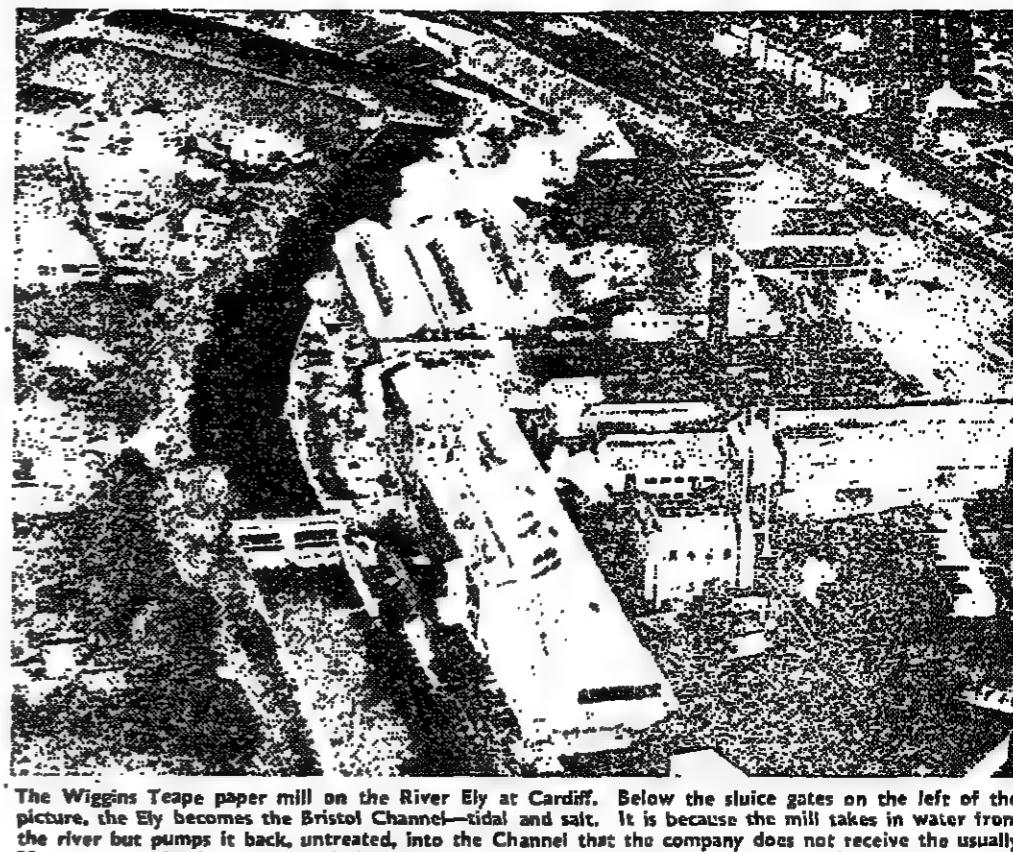
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The Wiggins Teape paper mill on the River Ely at Cardiff. Below the sluice gates on the left of the picture, the Ely becomes the Bristol Channel—tidal and salt. It is because the mill takes in water from the river but pumps it back, untreated, into the Channel that this company does not receive the usually 99 per cent. reduction in water abstraction charges. Technically the water used is "lost" to the water authority which has no control over tidal waters.

else, replied: "Come off JL all you've done is found some water."

But it kept on flowing and not only was it found at the depth

predicted by the driller, but when the well was deepened to

355 feet to overcome silting problems, the rate of flow

settled down at around 5,500 gallons hourly—snuck in the middle of the range estimated by Mr. Shepherd.

So now ITT components has its own source more than 100 feet below sea level. The company has to pay to use it, but at a rate far less than the 58p per 1,000 gallons charged for normal supplies.

The work ground on through the winter. "We were having to take more and more stick," says Roy Sims with a grin. But at 280 feet the bit emerged from the granite into moist earth. A chalk cross on the asphalt further 50 feet on and the plant services manager adds, "I had the very satisfying experience of walking into the Boardroom,

and he they engaged Mr. Shepherd, water driller from Exeter, they called him to the 47-acre site on the hill 200 feet above the dark-red sands of Torbay. "It was a risk," says Mr. Sims, "particularly since about 330 feet down flowing at that!" The satisfaction was

between 5,000 and 6,000 gallons daily unbarred a little when Dr. Roberts and Sims then had what you might call engi-

neering validity. But Mr. Shepherd runs a highly successful well-drilling business and he 40 feet down Mr. Sims for one, could do that unless he could tell where water was in the first place, could he?"

Dowsed

Mr. Shepherd took up his two pieces of metallic strip, and holding them in a loop in front of his stomach, dowsed around the site. He pronounced the car park a promising, as well as convenient area and after much methodical pacing moved into its farthest corner. There

the loop on the strip suddenly sprang inwards and hit him in the belly. "That's your best place," he declared and, following more consideration, drew a chalk cross on the asphalt.

But they engaged Mr. Shepherd's company to drill for the water which he estimated lay

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FRIDAY, AUGUST 20, 1976

Electing our Euro-MPs

IN ITS latest report on direct voters should be penalised. If elections to the European Parliament, for instance, both Scotland, for instance, both Select Committee has decided to achieve its independence that would be play for safety. While admitting there is a strong case for proportional representation in European elections, it finally plumps for the present first past the post system, and on the second key issue, the allocation of seats inside the U.K., it comes down in favour of a simple solution under which all constituents would have roughly the same number of voters. The resulting figures give 68 seats to England, 8 to Scotland, 3 to Wales and 3 to Northern Ireland. A small allowance has been made in favour of Scotland, Wales and Northern Ireland, but the Committee has made it clear that there should be no premium for claims to "nationhood."

1978 deadline

The Committee, which wants Britain to meet the 1978 deadline for the first election, is clearly anxious to avoid any unnecessary political or procedural complications in the short time available. Indeed it suggests that Boundary Commission procedures will in any case have to be streamlined, if Britain is not to risk falling behind her partners and delaying the whole operation. But both its principal proposals are likely to arouse considerable criticism. The Liberal Party and the newly formed National Committee for Electoral Reform have already furiously attacked the Committee's rejection of proportional representation, and there will undoubtedly be complaints that the seats proposed for Scotland and Wales are too few. The inevitable comparisons with Luxembourg (6 seats), Ireland (15) and Denmark (18), dismissed by the Committee, are bound to be heard again.

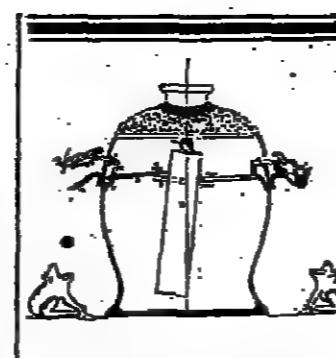
On this point, the Committee's approach is entirely proper. If Scotland and Wales are to have more seats, they could only do so at the expense of England, which already, under the Committee's present proposals, would have more voters per constituency than the other two. So long as Scotland and Wales remain part of the U.K., there is no reason why English seriously.

Doctors and sailors out on a limb

BECAUSE THE Index of earnings is published a month later than the index of basic wage rates, we shall not know until September precisely how successful the first stage of voluntary pay restraint was in helping to bring the annual rate of increase down towards the official target. But the figures published earlier this week leave room for a guess. The Government's intention was that the £8 limit would mean an average increase in earnings of around 10 per cent. over the year, which the move towards equal pay and other special factors would take to perhaps 12-13 per cent. The increase in basic wage rates over the year has turned out to be 17 per cent., a considerably higher jump.

It is impossible to do more than guess roughly at the corresponding jump in earnings for two reasons. First, the earnings figure for June was lower than that for May, presumably as a result of the freak drop in industrial production—partly due to the abnormally hot weather—already reported. Second, the comparison between earnings in July 1976 and July 1975 will be affected by the fact that there was a sharp rise in this month last year, as a result of workers scrambling to reach settlements before pay restraint came into force. But the important fact is that earnings are bound to rise rather less than basic wage rates. A rise of something like 14-15 per cent. over the year therefore looks likely.

Although this is rather more than the Government was originally aiming at, the difference can largely be accounted for by the fact that unemployment is still rising and that the first result of the improved business outlook has been an increase in overtime and a reduction in short-time working. Broadly speaking, the Government and the TUC are entitled to claim that the first stage of pay restraint achieved what it set out to do, and the statement that no major group of workers has received a pay increase outside the agreed limits is still lead to a settlement.



David Fishlock describes the background to the recent earthquakes and volcanoes

The uncertain world of earthquake prediction

ORIENTALS are no strangers to natural disasters—the Chinese have written records of earthquakes over nearly 3,000 years and it is not surprising that Chinese folklore associates big disasters with the fall of dynasties. For this reason alone it might be expected that the Chinese would be rather reluctant to disclose details of just how damaging this summer's series of major earthquakes—particularly the one which devastated Tangshan on July 28—have been.

In most other respects, however, the Chinese are revealing an enviable sophistication in their approach to a hazard from which several dozen (mostly Third World) nations can expect no early escape. On the other hand, U.S. experience this year has shown that, at least for western society, scientifically convincing earthquake prediction can bring some formidable social problems in its wake.

Earthquakes and volcanoes—closely related natural phenomena—are commonplace along certain well-defined "belts" across the earth's surface. One belt rings the Pacific, passing through Japan, China, Indonesia, the eastern seaboard of South America, California and Alaska. The second stretches from the Mediterranean through the Middle East to Indonesia, where it links up with the first.

An explanation of these unstable belts in the earth's crust accompanies the theories of "plate tectonics" which have

become widely accepted among earth physicists in recent years. The theories postulate the existence of six or seven separate plates of solid rock, of the

order of 60 miles thick, forming the rigid outer shell of the earth, each being free to slide resistively of the ground and slowly on an underlying layer water levels in wells, all of which behaved erratically before an earthquake. They discovered that the ratio between the velocities of two crustal plates are currently moving in relation to one the ground dropped significantly at the earth's surface. It has been estimated that each year strain energy equivalent to 200m tons of TNT generated by such movements is relieved in geological circumstances near the form of earthquakes. The New York Overlaid the idea of earthquake prediction became a serious possibility and an enormous new area of scientific research blossomed.

The first practical use of earthquake prediction, however, appears to have been made neither by Russian nor U.S. scientists, but by the Chinese who last year disclosed that they were issuing earthquake predictions and claimed that such actions had already saved thousands of lives in at least 11 quakes. Perhaps this is not altogether surprising for there was a Chinese seismic sensor, precursor of the modern tiltmeter, as early as AD 130. As the sketch above shows, it took the form of a pendulum mounted inside an ornate vase, which swung when perturbed by earth tremors, dropping one of eight metal balls held in "dragons" heads round the rim into the mouths of ceramic frogs, thus indicating both the occurrence and the direction of the quake.

In April this year, a California seismologist who has been studying the San Andreas fault plates in the San Francisco area for over 15 years disclosed an important discovery in the field of earthquake prediction. They had been monitoring seismic activity in the Garn region of

Tangshan, measuring

active faults. One estimate of the cost of instrumenting all eight earthquake areas in mainland U.S., Alaska and Hawaii is £15m. But not everyone welcomed such an authoritative prediction. According to the U.S. Journal of Science, there was talk in Los Angeles City Council of suing the scientists and anyone else who made earthquake predictions, for any consequent fall in property values.

Then the question arose how far such a prediction should be used to enforce higher standards of safety in public buildings. For example, Los Angeles has 45 old theatres which fall short of current codes of earthquake design and are considered likely to collapse in a medium-size quake. So far the city's theatre proprietors have resisted pressures to modify their buildings, which it is estimated would cost them about 85 per cent. of the price of new buildings.

Even so, California's theatres are merely a microcosm of the total problem for a highly developed community. Science estimates that it would cost £10bn to £12bn to bring all the old buildings in quake-prone parts of the States up to modern standards. Worse still, tacit acknowledgement of the risk could itself have a disastrous effect on business confidence and hence on the financial basis of the community. It would also raise serious questions for the U.S. Government about insurance, for although it subsidises flood insurance in flood-prone areas, no such federal policy operates for quake-prone areas.

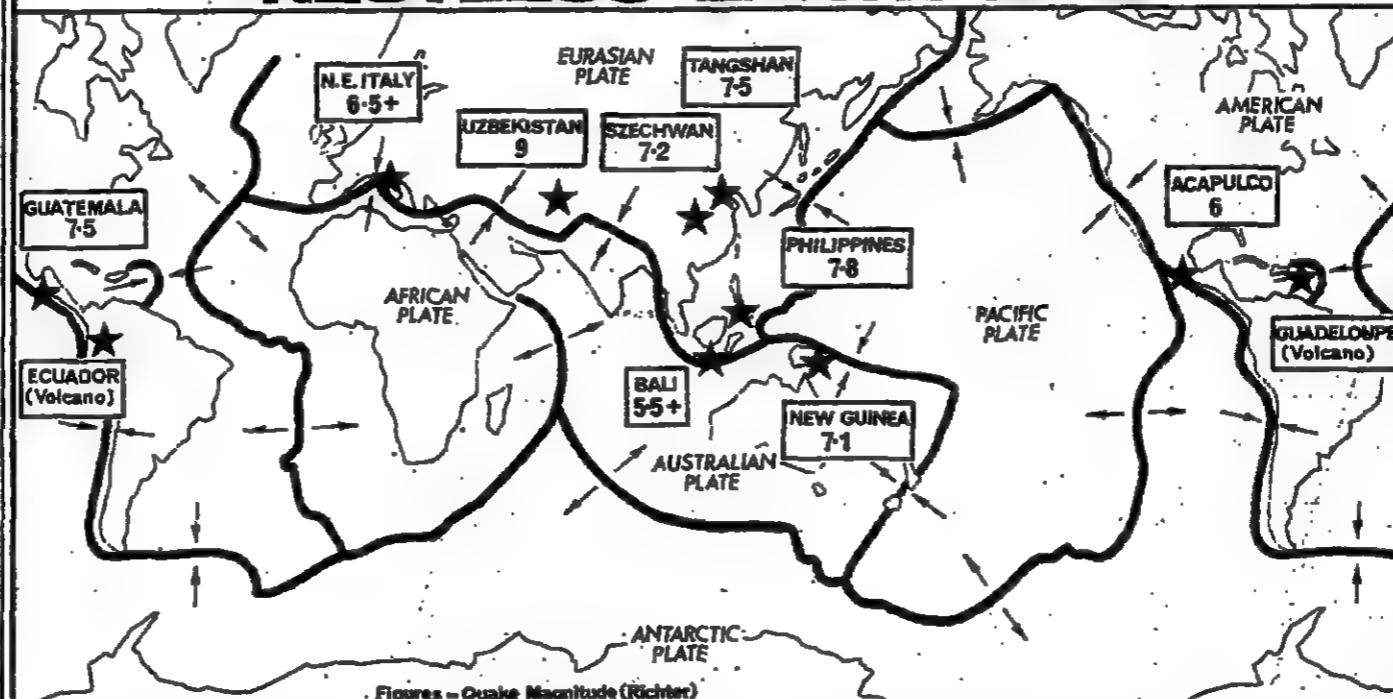
U.S. scientists at least must envy the apparent simplicity and docility of Chinese society. A team of earthquake experts which returned from China just before the quake which rocked the region north east of Peking in July is reported to have been impressed by the willingness of Chinese leaders to order evictions in advance of earthquakes, and the seriousness with which people respond to such warnings.

A sociologist who accompanied the U.S. team is quoted in today's issue of Science—saying that some of the Chinese

are close to controlling quakes or volcanoes—firmly discounted. Even the question of quakes is in its early stages and still more art than a science.

But those who are buying the number of quakes and

RESTLESS EARTH 1976



The six main tectonic (shifting) plates forming the earth's crust, showing how closely most of the major earthquakes and volcanoes (marked with stars) this year conform to their boundaries, where plates are converging, diverging or grinding against one another. The sketch (top left) shows a Chinese precursor of a modern earthquake sensor, dating from AD 130.

MEN AND MATTERS

Addy: the clients will decide

"There is no way to bribe or twist, thank God, the British journalist," runs the famous saying. The second part of the couplet goes: "But seeing what unbridled he'll do there is no reason to."

For me, part flattery but with a sting in the tail. However, bribery is a much smaller problem than the libel laws and the problem of commenting on situations which are sub judice. In these litigious days that can impose severe strains on the humble journalist—not to mention the fact that the public gets only part of the truth.

Take, for example, the situation of John Addy Associates, one of the most successful financial public relations consultancies to emerge in recent years. Its founder and controlling shareholder is John Addy himself who, on his own admission, made the mistake of getting involved in the legal battle going on between Sir James Goldsmith and the magazine *Private Eye*.

As a direct result of this Addy has lost at least one major account—that of Tesco which was worth £10,000 a year. Total losses in PR billing amount to around £30,000 so far, although £16,000 of that would probably have gone anyway since companies like to change their PR's from time to time.

Leslie Porter, the Tesco chairman, admits that the decision was taken "with great regret." Tesco felt that its own image could be damaged by adverse publicity related to its financial PR firm, but Porter does not rule out the possibility of rehiring Addy once the lengthy litigation is out of the way.

Others are less sensitive. Sir



chairman, deprecates the way American centres was a com-

pany that the Addy name is being picked up, and Navarro dragged through the news on himself, like newspaper tycoons—matters unrelated to his private life of a largely bygone age, imposed by relations with clients. His own conservative opinions. Meanwhile, Addy's biggest account, the City of London soon parted from those not Corporation worth £75,000 a year gross—sits on the fence. The new owners of Vison, with the quote that it "has no which claims one of the highest magazine circulations in Latin America, are a group of northern American businessmen."

Associates." To keep things in perspective, the sole British member of Addy's total PR billing is the editorial board is Lord Montgomery, son of the late Field Marshall, who is expected to continue with the new proprietors.

Selling Siegel

Oliver Jessel was once (at the end of 1972) very scathing about the quality of some British management, which he described in a magazine article to close down to day as "drunken and sensible." As it happens, drink was a subject of the Spanish language fortnightly *Vision*, packed up and moved to Mexico City. It's able about that busy year, came to be edited in Britain by his Jessel Securities when acquired in 1970 by group took over the Walter S. Rafael Navarro, the Cuban-born Siegel wine and spirit shipper financier and former head of and broker. Not an obvious move for a financial company, the Gramco group, who died earlier this year at the age of 60, as Siegel's present managing director.

Editing in London and print Michael Peace says, Jessel himself had "one of the better non-

trade plates" when it came to wine.

Things changed, of course, and Siegel has been among the Jessel assets in the hands of a liquidator. Now the business has been sold again, this time to 57-year-old Lionel Shannon and members of his family, better known for their involvement in the business systems and office equipment industry.

Shannon's grandfather perfected The Shannon File for office use in the 1880s, and then founded The Shannon Company. The same year that Jessel bought Siegel, Major George Webb's The Investment Company took over Shannon. Lionel Shannon stayed on as managing director but left before the company's acquisition by Twinklock. In turn, that group has found the purchase finance a heavy burden at a time of recession and it is now planned that the National Enterprise Board should inject £1m. into Twinklock in return for a 33 1/3 per cent. stake.

Siegel himself says he is going to play an active part in the group, particularly with regard to promoting its bulk whisky exports. The chairman continues to be Hans Siegel (Walther was his father) who came from Germany to start the firm in 1937.

Green with envy

Wales yesterday declined Cork County Council's offer of 2m. gallons of water a day, but are the Irish really so swash? The answer is yes. This week-end 70m. gallons of sparkling clear drinking water are to be released into the River Liffey to raise the water level sufficiently for an annual international canoes race. But then, when you consider there are 22m. gallons in reserve, enough to satisfy Dublin requirements for three years, they can afford it.

GRANADA'S OLYMPIC FORTNIGHT

The North-West's loyalty to Granada Television during the two weeks of the BBC's main Olympic coverage was shown by

1. Granada held all but one position in the Lancashire area Top Ten programmes for the two weeks.

2. During the main evening viewing periods, Granada's average audience either matched or exceeded last year.

3. Seventy-six ITV evening programmes were shown on the network during the same period—with Granada gaining 34 highest and 25 second highest ratings.

For those who want the details: Peak-time Ratings for the two weeks ending 1 August compared with the similar period last year were as follows:

	1975	1976
Weekdays	29	29
Saturdays	22	30
Sundays	21	25

Source: NCTV

GRANADA TELEVISION



The North-West comprises Greater Manchester, Merseyside, Lancashire and parts of adjacent 5 English and a North Wales counties.

Observer

COMPANY NEWS + COMMENT

Wedgwood first quarter fall to £0.82m.

THE LOWER first quarter profit indicated by Wedgwood turns out to be £204,000, pre-tax, compared with £255,000 for the corresponding period a year earlier. Sales for the period, which contained 50, against 56 working days, increased from £20.85m. to £21.41m. Earnings per 25p share were down from 3.9p to 2.6p.

Second and third months showed progressive improvements with the result that in June pre-tax profit exceeded the budget for the first time, says the chairman, Sir Arthur Bryan.

He says it is too early to express the view as to whether this progress will continue and as to whether the year's profit will meet the budget. But conditions in North America are encouraging and demand there and in Europe is healthy and growing.

The home market generally continues to be strong, and the directors remain fully confident of the continuing growth of the company, the chairman adds. The company manufactures fine bone china, etc.

First qtr. '76
1975
Sales 11,000,000 11,000,000
Interest charges 125 125
Pre-tax profit 225 250
Taxation 420 450
Extravagant details 26 720
"To July 2, 1976." £'000s

• comment

Wedgwood is 35 per cent lower pre-tax but the month of June saw the group back to a budget of higher profits so at this stage the company could be considered to have some growth in 1976-77. Demand in North America is now starting to pick up—it was noticeably flat through April and May in lower margin areas like earthenware—and the same goes for Europe too. As for the shares the group remains a useful currency hedge. But the market dropped 13p in 1976 and Wedgwood is now a quiet sector. The year's peak was held in 41 per cent, covered four times and two points short of the return offered by the average industrial share.

R. Clay looks to second half

BOOK PRINTERS and binders, Richard Clay, reports a sharp return in pre-tax profit for the half year to July 1, 1976 from £600,811 to £384,442, on a turnover of £3.34m. against £3.29m.

The results reflect the depressed level of trading for the early part of the current year anticipated last April. But there has now been an improvement and if this trend continues it is expected that the results for the year will be similar to the £1,014,861 for 1975, the directors state.

Earnings per 25p share for the half year were down from 4.03p to 2.53p. A same again interim dividend of 1p net is declared. Last year's total was 2,575.18p.

Net profit came out at £181,945 (£210,000), after tax of £181,500 (£210,000). Cost of the interim dividend is £1,375 (same).

J. M. Newton pays more

Turnover of John M. Newton and Sons increased from £2,898,750 to £3,098,474 in the

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Lee Refrigeration	16	3	Worthington (A. J.)	21	3

year to March 31, 1976, and pre-tax profit advanced from £500,979 to £528,080, after £254,032, against £230,496, for the first half.

A final dividend of 8.884p net raises the net total from £1,210pm to £1,289pm, from earnings of 6.64p (6.21p) per 10p share.

Net profit came out at £251,144 (£233,443) after tax of £274,936 (£265,536). The dividend is waived to the extent of £8,026.

Net profit 420 420

Extravagant details 26 720

"To July 2, 1976." £'000s

• comment

Newmark exceeds forecast

COMPARED with a forecast of some £1.43m. pre-tax profits of electronic and precision engineers etc., Louis Newmark advanced from £1.26m. to £1.62m. for the year to April 3, 1976 on turnover of £29.1m. against £28.6m. at midyear four times and two points short of the return offered by the average industrial share.

After tax up from £869,000 to £823,000, stated earnings rose from 18.3p to 21.3p per 25p share. The dividend of 10.42p net, against a maximum permitted of 4.149p, costing £160,000 (£147,000) with a final of 3.6194p. The retained balance is £605,000 (£515,000).

Profits were struck after depreciation of £19,000 (£30,000).

The directors say the main feature of the results has been the recovery in merchanting activities from the downturn of the half year to July 1, 1976 from £600,811 to £384,442, on a turnover of £3.34m. against £3.29m.

The results reflect the depressed level of trading for the early part of the current year anticipated last April. But there has now been an improvement and if this trend continues it is expected that the results for the year will be similar to the £1,014,861 for 1975, the directors state.

Earnings per 25p share for the half year were down from 4.03p to 2.53p. A same again interim dividend of 1p net is declared. Last year's total was 2,575.18p.

Net profit came out at £181,945 (£210,000), after tax of £181,500 (£210,000). Cost of the interim dividend is £1,375 (same).

• comment

Hill & Smith progress

Turnover of Hill and Smith increased from £4.45m. to £5.15m.

In the half-year to March 31, 1976, and pre-tax profit advanced from £39,141 to £570,048. Tax absorbs £182,000, against £176,000.

Trading in the third-quarter has been at a satisfactory level, and the chairman, Sir T. H. Silk, says he is confident that the year's profit will show an increase over September 30, 1976.

The interim dividend is effec-

Lec Refrig first half upsurge

FIRST HALF 1976 turnover of Lec Refrigeration increased from £8.75m. to £11.21m. and pre-tax profit advanced from £792,000 to £921,000. Profit for the year 1975 was £1410,647.

Both export and home market sales increased by over 25 per cent in the half year, and the group continues to make satisfactory progress, the directors state.

Earnings per share increased from 6.63p to 7.54p, and the interim dividend is effectively raised from 0.7814p to 0.8553p net. Last year's total was equal to approximately 2.11p.

• comment

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In the half-year to March 31, 1



Distillers

Extracts from the statement by the Chairman, Mr. J. R. Carter, circulated with the Report and Accounts for the year ended 31st March, 1976

RAL OBSERVATIONS ON RESULTS

Trading profit for the year ended 31st March 1976 totalled £101.8 million—an increase of £22.0 million over the previous year. This improvement is due in the main from increased selling prices, available to both Scotch whisky and gin in home and abroad markets. Export shipments in the final quarter of the year were inflated to an extent by orders received in anticipation of the price increase announced in January. Other hand business in the home market was limited in the six months to 31st March 1976 and it is felt in retrospect that our brands of Scotch whisky were over-priced during that period by comparison with many of our competitors.

Trading profits of the Food Group and Carbon Dioxide Company showed a satisfactory increase. The Peerless Refining Company continued to have problems.

Arriving at the trading profit noted above, account is taken of substantial exchange adjustments arising from the fall in the value of sterling. Unrealised gains/losses on our foreign currency borrowings totalled to £6.8 million, partly offset by gains from exchange rate differences on conversion of overseas assets into sterling. In addition, the trading profit for the year reflects the benefit derived from that portion of sales to the United States which were invoiced in dollars on conversion into sterling of the results of our glass operations. A surplus of £2.6 million was derived from sales of £1.78 million of BP stock. The value of BP stock held at the year end was £7.17 million. The Group profit and loss account shows that it is on loans increased by £2.2 million. After deducting taxation and minority interests and adding our profit of United Glass, the profit before minority items was £43.5 million or 11.99p per share compared with £34.6 million or 9.53p per share.

Surplus attributable to the Company was £42.3 million. Your directors now recommend a final dividend of 10.53p per share. An interim of 2.0125p per share has been paid, making the total distribution for the year £530p per share. Together with the associated tax the total distribution is equivalent to 9.00461p per share compared with 9.18604p per share last year. The value of stocks has increased by £37 million. A proportion only of this figure is attributable to the volume. By far the greater part reflects the increase in the cost of whiskies laid down during the year and the cost of an historic basis of blends sold. The burden of additional duty in the home market, the increase in debtors, excluding the exceptional £3.9 million in last year's total, was only £6.9 million. The relatively small change reflects the lower UK trading in the final quarter.

Profit improvement and the proceeds of the sales of stocks have contributed to the increase in liquid assets. This satisfactory position now makes it necessary to draw down part of the Finance Corporation for industry facility.

TERM LOANS

Since the laying down of whisky stocks in the year ended April 1976, £25 million on a red basis from institutional investors in the United States by a private placing of 10% Promissory Note for the same purpose agreement was reached in 1975 with Finance Corporation for Industry for an initial loan facility of £25 million. Of this sum £15 bears interest at 15%. The remaining part of the loan bears interest at a fluctuating rate not has been down and will lapse on 1st October 1976.

In 1975 the Company finalised arrangements for a loan from the European Investment Bank to assist with an additional £25 million investment in an additional distilling and bottling complex for John Walker & Sons at Glasgow. The loan comprised £3 million sterling and US \$19.58 million bearing interest at 9.12%.

WHISKY

DUCTION:

In the year we reduced production of new whisky to a level which took account of the relationship between sales, current production, existing stocks and cost of financing their replacement. This policy was introduced during the current year and is under review. Our present levels of production provide a cover to ensure full and free supply of all our brands.

lending and bottling plants were free from the shortages, transport difficulties, and industrial action experienced in the previous year. All production was fulfilled.

Capital investment programme was restricted to key projects.

Expansions of our maltings at Hillside and Old Bond Street were completed and work on the expansion of the Distillery continued. The extension to our distilling and bottling plant at Laven was completed. The

SUMMARY OF RESULTS for year ended 31st March

Turnover	£'000	1976	1975
Group profit before tax	£'000	702,884	617,111
Profit after tax and minority interests	£'000	93,661	73,776
Extraordinary items	£'000	43,538	34,816
Surplus after extraordinary items	£'000	1,202	3,662
Dividends	£'000	42,336	30,954
Earnings per share	p	21,256	19,542
Dividends per share	p	11.99p	9.53p
	p	5.85p	5.38p

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construction of the new blending and bottling plant to meet the additional needs of John Walker & Sons, is currently on schedule.

HOMESALES:

In the home market, the year opened inauspiciously when the Chancellor raised the rate of duty by more than 7.00p per case in April 1975. This was two and a half times greater than any previous increase. It was a savage blow to an industry which was already heavily burdened by a high rate of duty, and which has to finance that duty during the traditional period of trade credit.

At certain times of the year the industry is required to find from its financial resources something in the order of £100 million to cover immediate payment of duty on its sales to the home market. Very strong representations have been made to the Government for some relief from this burden, but this continues to be denied on the grounds that the Exchequer cannot afford to extend any credit for such duty payments. This argument has no basis in equity and I take the opportunity to stress yet again that our industry is unfairly treated as compared with some other alcoholic beverage industries which are fortunate to enjoy a period of credit in the financing of their comparatively lower rates of duty. The Scotch Whisky Association's deputation to the Chancellor again made the strongest representations on this issue in February of this year but their pleadings met with no success. Indeed the duty was further increased in the 1976 Budget to add to the burdens upon the industry.

Continuing advances in manufacturing and other costs throughout 1975 necessitated increases in home trade prices. Prices were raised on three occasions and opportunities afforded by amendments to the Price Code, particularly the introduction of investment relief, were taken to achieve a welcome improvement in profit margins. However higher prices together with the additional duty led to consumer resistance which inevitably brought about the fall in the volume of industry sales. In 1976 there was a decrease of 7.3%.

On each of the three occasions prices of competing brands were held for at least one month. Thus our brands appeared to be over-priced particularly in the important pre-Christmas period. Our total sales accordingly fell by a greater percentage than that reported for the industry as a whole although they generated substantially greater profits as compared with the previous year. Haig and Walker each continued to be amongst the market leaders and de luxe sales remained encouraging.

EXPORT SALES:

Largely because of a weakness in the American economy, industry shipments for the year to 31st March 1976, excluding shipments of bulk malt whisky, showed only a marginal increase of 0.4%. However, our brands performed better than did the industry as a whole and achieved an increase of 3.4% in the year.

The United States, by far the largest market for Scotch whisky in the world, imported 9.3% less Scotch whisky, partly because of the recession and the associated high levels of unemployment, and partly as a result of a de-stocking policy adopted by wholesalers. Four brands bottled in Scotland continued to dominate the market, and our representatives in this group, Dewar's White Label and Johnnie Walker Red Label, performed well. In the de luxe market, Johnnie Walker Black Label, Johnnie Walker and Haig Pinch made some encouraging progress.

Brands shipped in bulk and bottled there, because of discriminatory import taxes levied on those bottled in Scotland, sold strongly, but although sales of Vat 69 Gold and Disher's Green Stripe increased considerably, some others of our bulk brands lost market share in the face of

intense competition following an increase in our price for bulk blends early in the year.

Sales of our brands in the United States generally improved slightly in the final quarter to 31st March, and it is anticipated that some recovery in shipments will follow an improvement in the economy of that market.

During the year, the export price of our brands was kept under regular review. As regards the United States, the invoicing of bottled goods has for some years been effected in dollars and these prices were not changed. Due to the increasing manufacturing and other costs mentioned earlier, and also because the weakening value of the pound effectively reduced the cost to distributors in other world markets, increases of 7% in August 1975 and 12% in January 1976 were introduced. We believe our current prices for export represent very good value.

However, taxation on Scotch whisky abroad, as in this country, continues to rise from an already high base in many markets and our brands, exported at reasonable prices, become expensive to the consumer.

In export markets other than the United States, the Company's brands enjoyed a successful year and increased their sales volume by 11.6% in spite of strong competition, tax increases and continuing discrimination by some overseas governments in favour of domestic products.

Venezuela continued to be an excellent and profitable market for the Group. The percentage of de luxe whisky consumed there remained extremely high and Buchanan's De Luxe was the most popular brand.

In Australia, the Group maintained a very strong position particularly through Johnnie Walker. Large quantities of cheap Scotch whisky have entered the market and are creating a new sector. A higher rate of duty imposed in 1975 caused a sharp rise in consumer prices, but the market remained reasonably healthy.

The demand from the South African market was strong and White Horse consolidated its leadership.

In Japan, our brands, particularly Johnnie Walker, White Horse and Old Parr, retained a very strong position and we anticipate growing sales in coming years.

In Europe our brands, all strongly represented, continued generally to sell well, led by Johnnie Walker as the dominant brand in the French and other markets.

Import restrictions continued to hinder trade in many markets. Generally speaking, the performance of our brands remained remarkably strong and there is every reason to believe that the Group will continue to make a not insubstantial contribution to the balance of payments.

GIN

I referred earlier to the heavy duty increase imposed in the Budget of April 1975, and to the need to raise Scotch whisky prices during the year to maintain an acceptable level of profitability in the face of rising costs. Gin prices were also increased on three occasions and under these circumstances sales of our brands in the home market were not unsatisfactory, showing only a small decline over the previous year. Sales of Gordon's again exceeded 2 million cases and Booth's High & Dry made substantial progress.

Shipments of Group brands exceeded those of the previous year. Sales of Gordon's in the EEC and in certain African markets were particularly encouraging. Tanqueray maintained its position in the imported gin market in the USA, and increased its market share in Canada.

In the United States and Canada, where Gordon's and Booth's High & Dry are locally produced, both brands recorded gains.

VODKA

Cossack Vodka again showed a useful gain in sales in the United Kingdom and Gordon's Vodka, produced and sold in the USA, continued to advance.

COGNAC HINE

Hine had another rather difficult year. Greatly increased costs resulting in a steep rise in prices have led to a depressed state of the cognac market in the UK and elsewhere. However, Hine cognacs enjoy a deserved reputation for the highest quality and there are grounds for believing that the company will participate fully in the general recovery in cognac sales of which there are now signs in many markets.

AUSTRALIA

Although the United Distillers Pty. again experienced a very difficult year the loss on trading was substantially reduced. Steps have been taken to attempt to combat the problems created by the general Australian economic position and by the sharp decline in sales of Australian whisky in the face of severe competition from cheaper imported spirits.

The results of Tolley, Scott & Tolley showed an improvement despite the continued depression of Australian brandy sales.

FOOD GROUP

The Yeast and Food Division maintained its progress with higher sales and an improvement in profitability.

The results of The Peerless Refining Company were much affected by a fall in raw material prices. However, the year ended with a modest increase in both sales and profitability.

CARBON DIOXIDE

In our carbon dioxide operations, margins made a good recovery. Sales volume also showed a modest increase, with the result that CO₂ profits improved significantly.

Sales of engineering equipment showed an encouraging upturn.

UNITED GLASS

Demand for United Glass products fell dramatically in the early months of 1976, in line with recessionary trends in the packaging industry and in the economy generally. Although there was some recovery in later months, sales volume for the year was lower.

Wherever the market conditions allowed, the divisions sought to recoup constantly escalating costs by price increases. The resultant rise in sales revenue, together with productivity improvements and cost reductions, enabled the company to maintain the level of its pre-tax profit.

PERSONNEL

Due mainly to minor reorganisation some redundancies were inevitable. These were small in relation to the Company's total UK work force of more than nineteen thousand. Full consultation took place with the unions and those affected received suitable compensation.

Apart from a few local incidents, your Company has had a trouble-free year in the field of industrial relations, and tribute is paid by your Board to the co-operation and understanding displayed by employees, and by local management and unions.

For many of our employees, the current position as regards pay is an extremely difficult one. Government policies seriously erode differentials, especially when applied to junior, middle and senior managers, and your Board greatly regrets its inability to reward adequately the many deserving employees who have worked unselfishly, unstintingly and loyally in the Company's interests.

The Board's sincere appreciation is extended to all employees.

FUTURE PROSPECTS

My earlier comments on the signs of recovery in the economy in the United States have a considerable bearing on our future prospects. We believe that if the recovery continues as forecast, there will be some improvement in total industry and in Group shipments to this important market. The demand for our brands in other world markets remains encouraging in spite of the intensely competitive situation currently prevailing. We have therefore reasonable grounds for viewing the prospects for the present year with some confidence.

The Ninety-ninth Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 16th day of September, 1976, at 12.15 p.m.

The
Distillers Company Limited

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Growth in exports boosts Hoechst

BY GUY HAWTIN

FRANKFURT, August 18.

THE RECOVERY of the West German chemicals industry continues. Domestic demand appears to have strengthened substantially, but it seems that growth is being particularly fuelled by the export sector.

Hoechst, one of the Federal Republic's "big three" chemical concerns, to-day produced an abysmal report on the first half of 1976. Turnover, profitability and production have all grown steadily throughout the six months.

While, as reported at the end of the first quarter, it seems unlikely that the industry will equal 1974's record performance, figures so far must give satisfaction. Group turnover by the end of June was 15.2 per cent. up on the comparable period of 1975, rising from DM9.88bn. (£2.17bn.) to DM11.69bn. (£2.57) — and profits before tax were up 48.7 per cent. from DM480m. (£101.1m.) to DM675m. (£148.4m.).

Hoechst's official comparisons are made on the basis of the annual totals rather than measuring performance against the figures of the same period of the previous year. This is perhaps a more accurate gauge of the concern's first recovery, was noted in the final quarter of 1975.

Total group turnover was up 12.5 per cent. from half of the 1975 annual average of DM10.39bn., while pre-tax profits, measured on the same basis, were up by 44.3 per cent. Profits as a proportion of turnover increased from 4.5 per cent. to 5.8 per cent.

Turnover by the group's domestic operations moved ahead rather faster than that of the overseas subsidiaries, according to Hoechst's official comparisons. Domestic turnover was up 14.2 per cent. on the 1975 annual total from DM3.37bn. to DM3.88bn., while the turnover overseas rose by 11.7 per cent. from DM7.02bn. to DM7.54bn.

The figures of the parent, Hoechst AG, however, show a heavy growth in exports. Total turnover rose 14.8 per cent. on half the 1975 annual figure from DM4.22bn. to DM4.83bn. But, AP-DJ

Marine Midland casts doubts on dividend

MARINE MIDLAND BANKS INC.

BANKS INC., has declared its regular quarterly dividend of 20 cent.

on the same period last year,

they had also declined 4 per cent.

on the preceding first

quarter.

Operating income was Fis.

36.9m. compared with an

operating loss of Fis.15m. in last

year's second quarter, but this

represented merely 3.5 per cent.

of sales against 4.6 per cent. in

the first quarter this year.

Akzo's net profit was only Fis.

3.5m. in the second quarter, com-

pared with a Fis.48m. loss in

the same period last year, bring-

ing the half-year figure Fis.18m.

(Fis.6m.). Sales were up in

(Fis.106.8m.).

Under Federal law, banks as

a rule are not permitted to pay

dividends in a single year that

would exceed the total of

retained earnings of the previous

two years plus what they earn

in the current year although

exemptions can be granted.

Mr. Duffy said the necessity

for Fed. approval "could exist

for Marine Midland Bank in

1977 when its 1974 earnings

on half the 1975 annual figure from

DM4.22bn. to DM4.83bn. But,

AP-DJ

No growth forecast for Siemens Nederland

BY MICHAEL VAN OS

AMSTERDAM, August 19.

SIEMENS NEDERLAND, a fully-owned subsidiary of the German group, said in The Hague to-day that it expects profits in the current financial year ending September 30 to be largely unchanged from the previous year when they were Fis.2.91m. (Fis.3.14m. in 1973-74).

A statement sold the operating period last year. Profit after de-

months of the year, having a "satisfactory" Fis.4.3m.

Akzo reports disappointing second quarter figures

BY MICHAEL VAN OS

AMSTERDAM,

August 19. — In early May, the company had been able to announce a 22 per cent. sales rise for the first quarter and net profits of Fis. 21.8m. The relatively good trend of both sales and profits gave rise to some cautious optimism about the rest of the year.

The company's first half sales are still 19 per cent. up on the first half of 1975 and amount to Fis.5.54bn. Operating income by as much as Fis.18m. The half-year figure was Fis.1.67bn. (Fis.1.42bn.). The operating profit, however, remained unchanged at Fis.67m., bringing the first-half figure up to Fis.142m. (Fis.124m.).

Akzo commented that, compared with last year, the improvement was primarily due to the recovery of demand, influenced by the upswing in the business cycle. It explained that at the troubled Enka Glanzstoff chemical fibres company, whose activities are concentrated in Holland and Germany, the capacity utilisation rate had improved to 78 per cent. in the first half for textile yarns and fibres (50 per cent.) and to 82 per cent. for industrial yarns (56 per cent.).

According to to-day's statement, in addition to the cyclical upswing an amount of Fis.10-80m. of the improvement in the group's results from last year can be attributed to internal measures, such as improved efficiency throughout the group to reduce labour costs, and the far-reaching reorganisation at Enka Glanzstoff where the staff had already been cut by some 150-200m.

The company pointed out that the foreign exchange losses on long-term borrowings in Swiss francs had reduced first half operating income by as much as Fis.18m. It also pointed out that the Fis.21.8m. balance of operating income and interest (Fis.65m.) for the second quarter is much lower than in the first quarter. The half-year figure was Fis.1.67bn. (Fis.1.42bn.).

Commenting on the development of business so far this year, Akzo said that in the chemical fibres group (mainly the Enka Glanzstoff company), the revival which became apparent at the start of this year lost its impetus in Europe in the second quarter. The adverse effect excess capacity in the European textile industry was aggravated by rising textile imports into Western Europe. Prices failed to recover, causing continued losses.

In the chemical products sector, sales and operating income improved substantially compared with last year. The operating profit was Fis.47m. (Fis.7m.) and the half-year figure Fis.18m. (Fis.6m.). Sales were up in Fis.90m. (Fis.71m.) and half of this year.

U.S. COMPANIES

Richmond decision

BY OUR NEW YORK STAFF

TURNING its back on Monday's offer from U.S. Fidelity and Guaranty, the insurance company with the 10th largest premium volume in the U.S., Richmond Corporation has decided upon its original bidder, Continental Group (formerly Continental Corp.), whose offer amounts to \$230m. in an exchange of stock.

U.S. Fidelity, who has discontinued negotiations, has been willing to make a "significantly" higher offer.

The acquisition of Richmond, holding company which owns the Life Insurance Company of Virginia as its major subsidiary, will take the form of an exchange of 2½ per cent. of the issue per year commencing in

1983, and would be listed on the New York Stock Exchange. The new Preferred stock would be second only to the 35.25% shares of \$4.25 Preferred stock outstanding.

NEW YORK, August 19.

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Stake option for Whirlpool

MICHIGAN, August 19.

WHIRLPOOL CORP. said it had an option to acquire an equity interest in Industrie de la frigiderie Consul S.A., a Brazilian maker of refrigerators. The company also said Brastemp S.A., a Whirlpool Brazilian affiliate had a similar option to acquire an equity interest in Consul.

The company said that after completion of the proposed transaction Brastemp will own about 36 per cent. of the voting shares of Consul and Whirlpool will own about 34 per cent.

New chief for Credit Lyonnais

BY RUPERT CORNWELL

PARIS,

August 19.

CLAUDE-PIERRE BROSSOLETTE formerly the right-hand man of President Giscard d'Estaing, was to-day named chairman of Credit Lyonnais, the second largest bank in France and the seventh biggest in the world. He replaces M. Jacques Chaine, who was assassinated by an anarchist in May on the steps of the State-owned bank's head office near the Paris Opera, after less than two years at its head.

Akzo commented that, compared with last year, the improvement was primarily due to the recovery of demand, influenced by the upswing in the business cycle. It explained that at the troubled Enka Glanzstoff chemical fibres company, whose activities are concentrated in Holland and Germany, the capacity utilisation rate had improved to 78 per cent. in the first half for textile yarns and fibres (50 per cent.) and to 82 per cent. for industrial yarns (56 per cent.).

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H. H. Webb faces court summons

BY JAMES FORTH

SYDNEY, Augus

THE VICTORIAN Corporate Affairs Commission has taken court action against H. H. Webb and several associates. The respondents claim an interlocutory injunction restraining the Webb sector dealing with or exercising rights on 299,000 shares, or about 8 per cent. of the capital. The summons seeks an injunction to restrain the respondents from making any further legal proceedings by Webb to gain board representation. The struggle started after the local offshoot of Consolidated Goldfields of the U.K. sold a long-standing 21 per cent. stake in Lempriere to Webb.

In May Lempriere expressed concern about the sale of almost nine per cent. of the company's capital and said they had informed the matter to the CAC. Webb has built its stake to 29 per cent. but claims to speak for about 40 per cent. of Lempriere. In July, Lempriere beat off an attempt by Webb to place two representatives on the board. Shareholders at an extraordinary meeting requisitioned by Webb, voted against the change. Undeterred, Webb has re-organized a second meeting due to be held on September 10 to seek election of Webb managing director, Mr. Geoffrey J. Lempriere, then finance minister.

His technical qualifications for the post are formidable. Since 1967 he has been deeply involved in French financial policy-making first as secretary of National Credit Council and then as director of the Treasury — a job which saw him play an active role in international monetary meetings at the side of M. Giscard d'Estaing, then finance minister.

Several large sales of institutional holdings by Lempriere since the first meeting indicated that Webb could well achieve its goal at the September meeting. Victorian CAC has now issued

HK & Shanghai set for growth

BY PAULINE CLARK

IN SPITE of provisions that still have to be made for unquantified losses in the Lebanon, Hong Kong and Shanghai Banking Corporations, looks set for earnings growth this year of some 15 per cent.

Giving this forecast in its latest review of the Corporation's involvement in the Middle East, the company said that in the U.S. a significant change in the market situation for chemical fibres had unexpectedly taken place in the 2nd quarter. As a consequence, the results of American Enka fell short of expectations, though they were considerably better than last year. Some signs of recovery may materialise in the second

quarter, which is being managed by the Deutsche Bank — West Germany's largest commercial bank — will be seen from August 26 to September 15. Shareholders can take up the offer at the ratio of one-to-five at a price of DM160 per DM50 nominal share.

To-day's announcement stated that the new share will carry rights to half of the 1976 dividend. But news of the offer had no marked effect on the KHD share price which closed unchanged in Frankfurt at DM160, just below its 1976 peak of DM196.

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The review states: "It is anticipated, with significant lagging in the Colony average, a 4 per cent. compared with previous year, the bulk of the group's growth in the Middle East, seems to have been concentrated in the Middle East, but the brokers point out that the deferral, rather than passing of an interim dividend by the group's subsidiary, The British Bank of the Middle East, seems to suggest that potential losses can be contained."

Jardine Fleming also emphasises the strength of the British Bank of the Middle East elsewhere illustrated by a growth in advances of 150 per cent. and in deposits of 77 per cent. since 1973.

Finally, the Hong Kong banking business mean an absence of bad debts this year.

Company Results

J. C. PENNEY

Second Quarter

1976

1975

1974

1973

1972

1971

1970

1969

1968

1967

1966

1965

1964

1963

1962

1961

1960

1959

1958

1957

1956

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1947

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1943

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1941

1940

1939

1938

WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Share index drops further 11.13

BY OUR WALL STREET CORRESPONDENT

SHARP LOSSES hit Wall Street further evidence of an economic 10-day, following President Ford's lull, choice of Senator Robert Dole of Kansas as his running mate. GROVE

The Dow Jones Industrial Average fell 11.1 to 983.88 and the NYSE All Common Index gave up 63 cents to 853.22, while losses outpaced gains by a four-to-one majority. Trading volume expanded 30,000 shares to 17.23m.

Before President Ford's announcement in early afternoon the DJIA had been off only about three points, but immediately after he index started falling and at one time moved 13 points lower.

Tension in Korea also contributed to the decline, analysts said.

The Commerce Department reported that Corporate profit growth slowed in the second quarter from the first quarter. It also reported a downward

revision in the Gross National Product gain in the quarter to +3 per cent. from +4 per cent. Analysts say the slowing in Corporate profit growth provides

offered at least \$7.50 for each of its shares.

Security Mortgage Investors rose \$1 to \$12 on settlement of a suit with North American Acceptance bankruptcy Trustee.

OTHER MARKETS

Canada again mixed

Canadian Stock Markets remained irregular in moderate trading yesterday.

The Gold Share Index moved up 8.74 to 285.84, and

Utilities advanced 1.13 to 121.08, and

Industrials lost 0.06 to 145.88. But

Industrials lost 1.07 to 182.92, Base

Metals eased 0.32 to 92.10, and

Western Oils gave up 3.97 to 226.77 and Banks declined 2.68 to

247.80.

Dome Petroleum dropped \$2 to

\$31, following its offer for up to

1.3m. shares of Dome Mines to

SACO. Dome Mines gained

\$0.10 to 56.26.

Ontario Trust rose \$1 to \$104.00

on a possible Canada Trustee share

offer.

PARIS—French shares showed

a certain amount of indecision,

with declines in a slight majority.

The market failed to be stimulated by the lowering of the CAC

Money rate by 1 per cent. for

the second straight day to 92 per cent.

Borel further recovered

from 19.80 to Frs. 302.

American sector prices were

mostly above Wednesday's Wall

Street levels in moderate trading.

London—Industrial stocks rose

1.18 to 102.39, while

declining issues outnumbered

advances by 442 to 146.

Intermedco moved up \$1 to

\$81—an unidentified company has

been taken over by a

Swiss company.

London—The FTSE 100 Index

rose 1.1 to 511.00.

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FT SHARE INFORMATION SERVICE

THE JOURNAL OF CLIMATE

**BRITISH FUNDS

High	Low	Stock	2	+ or -		Yield Int.	Ret.
				Five	Years		
"Shorts" ("Lives up to							
101 ¹	99 ¹	Treasury 10-ge 1976 ¹	99 ¹	-	10.52	10	
98 ¹	95 ¹	Treasury 5-ge 1973 ¹	97 ¹	-	6.40	10	
97 ¹	94 ¹	Electric Spe 74-77	97 ¹	-	3.09	10	
103 ¹	92 ¹	Treasury 11-ge 77 ¹	100 ¹	+ 1	11.43	10	
95 ¹	91 ¹	Treasury 3-ge 77 ¹	94 ¹	-	3.17	10	
95 ¹	92 ¹	Transport 4-ge 72-77	95	-	4.21	8	
99 ¹	90 ¹	Treasury 10-ge 1976 ¹	97 ¹	-	9.23	10	
101 ¹	97	Treasury 10-ge 1976 ¹	99 ¹	-	10.57	10	
93 ¹	89 ¹	Exchequer Spe 76-78 ¹	92 ¹	-	5.39	10	
103 ¹	97 ¹	Treasury 11-ge 79 ¹	100 ¹	-	11.45	11	
88 ¹	83 ¹	Treasury Spe 72 ¹	87 ¹	+ 1	3.44	8	
89 ¹	73 ¹	Electric 4-ge 74-79	88 ¹	-	4.82	8	
100 ¹	94 ¹	Treasury 10-ge 1976 ¹	97 ¹	-	10.82	11	
88 ¹	83 ¹	Electric 3-ge 78-79	87	-	4.02	8	
96 ¹	90 ¹	Treasury Spe 1980 ¹	93 ¹	-	6.63	12	
96 ¹	91 ¹	Treasury 3-ge 30 ¹	93 ¹	-	10.19	12	
86	82 ¹	Treasury 3-ge 77-80 ¹	85 ²	- 1	4.99	9	
89 ¹	71	Banking 5-ge 78-80 ¹	87 ²	-	6.00	9	
103 ¹	96 ¹	Treasury 11-ge 1981 ¹	99 ¹	-	11.61	11	
86	79	Treasury 3-ge 1978-81 ¹	85 ²	- 1	4.11	11	

CANADIAN

Extra £50m. blow for Crown Agents

BY MARGARET REID

THE CROWN AGENTS the State-owned body which invests and buys for overseas Governments, will emerge next month as having fared more disastrously from its earlier involvement in the secondary banking crisis than any other concern.

The 1975 accounts, due out early in September — shortly after those of Keyser Ullmann and United Dominions Trust in the same sector — are expected to show that the Agents had to set aside another £50m of provisions against its loans and in-vestments.

Added to the provisions of £130m, already made, this will mean that the Agents will have effectively written off £180m, or a very high proportion of their £200m-plus foray in the earlier 1970s into secondary banking and property. This is a larger amount than has been suffered by any other group caught up in the crisis in this field.

The Agents' policy since Mr. John Cuckney became chairman in October 1974 has been one of progressive disengagement from these ill-fated areas, and concentration instead on the purchas-

ing, contract management and investment management sides which have been successful.

Meanwhile, some £35m. of remaining assets of value on the secondary banking and property side have now been sold off for cash.

The likelihood is that the Agents' 1975 accounts will treat the unhappy harvest of the excursion into the troubled banking and property sectors quite separately, so that they appear in a realisation account where the new provisions will be included.

To fill this gap, the Agents, who already in December, 1974 had an £85m. Government grant — could ultimately need a further grant to cover the increased deficiency of some £80m, plus perhaps £30m. more to provide them with new capital — say £90m. in all.

Any further grant is probably quite a way off, however, since it may be two years or so before the Agents, who are operating satisfactorily backed by Government guarantees, become incorporated as a public corporation under legislation yet to be passed.

This would leave the results of the Agents' regular business to be shown in the main accounts. Last autumn, Mr. Cuckney estimated that the normal business would yield a small profit in 1975; this may well now turn out to have been some £5m. £6m.

The purchasing business has been very active and deposits from overseas — which are effectively backed by British Government guarantees — are now at around record levels. Dollar and

other foreign currency deposits stand at about £1bn. (£560m.).

The latest provisions have almost certainly been required mainly in connection with the Agents' big involvement in Australia, and in the unquoted English and Continental Property company, as well as against the very large loans to the Stern property concern.

These provisions are likely to increase the Agents' end-1974 technical deficiency of £16m. to about £60m. after crediting limited surpluses on certain disposals.

According to unofficial estimates, the total toll may reach £20m. The latest official death toll brings to 231 the number of persons killed in about two months.

A pall of black smoke hung all day to-day over the suburbs where 17 buildings have been destroyed by fire since the rioting began on Wednesday. Liquor stores, Government buildings, a post office and a bank, a day hospital, a clinic and eight black-owned shops were gutted police said.

They said two schools were also burned down. The townships have been closed off by police who to-day brought in reinforcements to help contain the unrest.

As reports of the killings reached here, Mr. Jimmy Kruger, the Minister of Police, claimed in an interview that his men had broken the back of the disturbances. "Indications are that the riots are dying down because we have got hold of most of the organisers and leaders," he said.

Mr. Kruger's claim was echoed this afternoon by a top police officer, Brigadier Kriek, who said he considered the Port Elizabeth

outbreak "the final throes of the unrest which has disrupted industrialists, recommends South Africa for nearly two months."

Now only 76 companies in the Blaauwkrantz area will face major cuts from September 1 because reserves in the Cwntierville reservoir serving the locality are down to just two weeks.

Consideration

The authority says that most of the companies affected, including the British Steel Corporation's Ebbw Vale works and six National Coal Board collieries, could achieve savings without laying off workers. Special consideration would be given to any company genuinely not able to avoid a threat to jobs.

The British Government's latest discussions on prices in the drought are being followed closely here, with particular interest being taken in reports that Mr. Fred Pearn, Agriculture Minister, is expected to press for a further green pound devaluation at next week's emergency Cabinet meeting in order to alleviate farmers' difficulties by raising prices for their produce.

Any green pound devaluation would be welcome to the Brussels Commission since this year's sharp decline in sterling has played havoc with the common farm budget by greatly increasing the bill for EEC subsidies paid on U.K. food imports.

If Mr. Pearn were to gain approval for a green pound devaluation, he could call for an emergency meeting in early September of the Common Market's Council of Agricultural Ministers. Alternatively, he may wait until the scheduled meeting of the council on September 20.

Arthur Smith writes: The Welsh National Water Development Authority announced yesterday by the Milk Marketing Board. The situation is bound to deteriorate as the dry weather continues.

That cut to 1m. consumers are to be extended to 17 hours a day from Monday. A further 115,000 consumers will face cuts of up to 13 hours a day from next month.

But the threat of a 50 per cent. reduction in water supplies to industry has been deferred for two weeks to September 15 for most of South Wales.

Now only 76 companies in the Blaauwkrantz area will face major cuts from September 1 because reserves in the Cwntierville reservoir serving the locality are down to just two weeks.

Flexibility

The Coventry paint shop workers, who have already imposed an overtime ban, have also demanded a public inquiry into the move to abandon painting at Browns Lane before a decision is made.

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Proportional representation not recommended for Strasbourg

BY REGINALD DALE, EUROPEAN EDITOR

A COMMONS committee has recommended that British members of the European Parliament should be elected by proportional representation when first direct elections to the Strasbourg Chamber are held in 1978. In its second report published yesterday, the Select Committee on Direct Elections recommends that the first-past-the-post system used in all Parliamentary elections should be retained — at least for the first European poll.

But the committee gives a warning that the Government will have to pass enabling legislation by the end of February if Britain is to meet the community's May-June, 1978, target date for the first election. The Bill would have to include provisions for the allocation of seats inside the U.K., the electoral system and the terms of reference for boundary commissions.

Out of the 81 British seats in the 410-member assembly, the committee recommends that England should have 66, Scotland eight, Wales four and Northern Ireland three. Allocation of seats

was attacked by the Liberal Party and the recently formed National Committee for Electoral Reform, both of which favour proportional representation. Mr. Jeremy Thorpe, former Liberal leader, said Britain was being invited to "make a com-

mittee of its own."

His comments, and others in the same vein from his supporters, were somewhat removed from what happened in the small hours of this morning.

When the President drove over to Mr. Reagan's hotel to congratulate him on a good fight to praise his abilities and to proclaim his own philosophical affinity with Mr. Reagan and to say that he would be welcomed in a Ford Administration, he apparently did not offer Mr. Reagan the number two spot on his ticket, something clearly wanted by probably the majority of Republicans at this convention.

Senator Baker, for example, implied unhappiness at the Vice Presidential selection process.

"It was the result of give and take and various negotiations between factions in the party and that's the way the slot one battle in a long war. Nancy machine works," Senator Baker and I aren't going to go back and said. "It's OK with me. But sit in a rocking chair

S.African riots spread claiming another 14 lives

BY GRAHAM HATTON

JOHANNESBURG, August 19.

CROWDS OF Blacks rampaged through the black suburban streets of Port Elizabeth to-day, stoning and burning cars and buildings in a second day of anti-Government violence in which at least 14 persons have died.

A police spokesman said the rioters were "still active" in the segregated suburbs of Brighton and KwaZulu. He said R600,000, expected to top R4m. after arrested in violence in which adults.

Damage in Port Elizabeth has so far been estimated at

R600,000, and the figure is ex-

pected to top R4m. after

arrests in violence in which adults.

Violence flared up yesterday afternoon when pupils of the KwaZulu High School

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